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FINANCIAL TIMES

No. 26,960

Tuesday May 4 1976

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NEWS SUMMARY

GENERAL

Rebels free British consul

Marxist guerrillas have freed Mr. Basil Burwood-Taylor, 53, the British businessman and honorary consul kidnapped in Asmara, Eritrea, more than six months ago.

He was released in neighbouring Sudan along with two U.S. technicians seized from the U.S. communications base near Asmara. Whitehall said that no ransom deal had been done with the rebels for Mr. Burwood-Taylor's release.

Uganda relents

Uganda has freed British aircraft engineer Thomas Webb, 54, who was in jail for nearly a month on charges of possessing a firearm. Mr. Webb, who has lived in East Africa since the war, is expected to leave Uganda in a few days.

Bomb explodes in Jerusalem

A booby-trapped motor-cycle blew up in a crowded street in the centre of Jerusalem last night and about 25 people were injured. The blast, blamed on Arab guerrillas, came just as crowds were gathering to remember Israel's war dead.

Threat to quit cod war

British trawlermen yesterday threatened to consider pulling out of the Icelandic fishing grounds at mid-day today, shortly before Mr. Fred Peart, Agriculture Minister, is due to meet fishing industry representatives.

Belfast troops

Troops based in the Roman Catholic area of Belfast yesterday were expected to be withdrawn to barracks, soon to be partially replaced by military police.

Water 'sense'

People should use water "sensibly and prudently," Mr. John Silkin, Local Government Minister, told the Commons yesterday.

Boy 'in care'

An 11-year-old Luton boy was taken into council care last night because his parents refused to send him to a comprehensive school. The boy has not been in school for nine months.

£175,000 raid

Three bandits armed with shotguns and pistols and wearing visas and beards held up staff in the cashier's office at the Daily Express newspaper in Fleet Street yesterday and escaped with £175,000 of payroll money.

Briefly...

President Giscard d'Estaing arrived in London at midday for a State visit which both sides hope will lead to major business deals.

Premium bond prize of £75,000 goes to No. 872 838730. Winner lives in Stockport.

Future of Christian faith in Britain will be seriously at risk unless action is taken to strengthen it, says a British Council of Churches report.

Norwegian Tore Carlsen, 41, plans to cross the North Sea by balloon from Norway to Norway next month. He expects to take 40 hours for the 600-mile trip.

Healey says living standards will fall 1-2 per cent

BY PHILIP RAWSTORNE AND ROY ROGERS

STAGE TWO of the Government's counter-inflation policy, due to be clinched with the unions this evening, will result in a decline of 1 or 2 per cent in living standards over the next 18 months, according to Mr. Denis Healey, Chancellor of the Exchequer.

Addressing the Commons on a for miners at the national NUM conference in July.

His members were convinced of the justice of the demand for £100 a week for coalface workers which will be urged by militant leaders of Yorkshire and Scottish miners, said Mr. Williams, adding: "If the Government wishes to survive, it must pursue the Socialist policies. If it has the death wish, it is not the miners' responsibility."

Mr. Williams' declaration illustrates the intense political haggling that will take place both on the NUM national executive which will have to decide how the NUM will vote at the June Congress and at the union's special TUC Congress in July.

Indications are that the conference will give the emerging policy a very rough ride indeed and that the best chance of winning the miners' support for it may well be to put the issue to a picket ballot—as was done successfully in the case of the present £8 policy.

Further opposition to the proposed new policy came from the TASS president, Mr. Brian Seaver, who called for a return to free collective bargaining, a policy which AUEW militants will press at the union's conference later this month.

This evening Mr. Healey will meet TUC leaders—who yesterday had a working lunch with Mr. James Callaghan, the Prime Minister—to finalise details of the policy, which is due to come into effect when the £8 policy expires on August 1.

Great secrecy continues to surround the terms of the new stage, which will be put to the key TUC economic committee tomorrow morning, immediately before consideration by the full TUC general council.

But it is expected to involve a percentage norm of around 4 per cent, with minimum and maximum cash limits and some future commitment on unemployment and prices.

Opening the second reading debate on the Finance Bill, yesterday, Mr. Healey told MPs that the £8 pay limit should guarantee a continued fall in the rate of inflation for the rest of the year.

"But there will still be a long way to go before we close the gap between our rate and that of our major competitors," he said.

There would be a great deal of upward pressure on prices in 1977, because of recent movements in the exchange rate and current pay increases. And it was vital to ensure that the next round of pay increases did not add to it.

All those involved in the present pay talks were agreed that the objective should be to halve the rate of inflation again in 1977, said Mr. Healey.

This would mean that earnings would have to rise by less than half as much as under the present pay round.

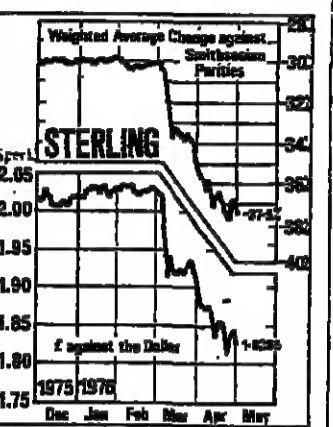
Sterling falls on miners' £100 call

By Colin Millham

STERLING'S present vulnerability to statements by trade union leaders was displayed again yesterday as it fell by 1.20 cents against the dollar to close at \$1.5355, following news that South Wales miners intend to press for wages of £100 a week.

It may well turn out that the market has overreacted to the statement by the South Wales miners' president, which will be only one of many suggestions debated at the National Union of Mine-workers' annual conference in July, but it is a further indication of the nervousness which still surrounds the pound.

The currency's trade-weighted depreciation as calculated by the Bank of England widened by 0.6 per cent, to 37.5 per cent.



Sterling began the day well, in fairly quiet trading, helped by optimism about the outcome of the negotiations between the Government and the TUC on wage restraint and by recent encouraging figures on inflation.

Selling pressure throughout was not sufficient to require large scale support by the authorities.

Adverse U.S. reaction to the economic forecast of stockbrokers Phillips and Drew, which suggested that sterling will continue to decline this year, prompted selling of the pound in New York during the afternoon.

The rate touched \$1.5365 shortly before the close of business in London—a fall of 2 cents from the best levels touched during the morning.

The pound was also hit by Continued on Back Page

IMF 4-year plan for gold auctions

BY DAVID BELL

WASHINGTON, May 3.

THE DIRECTORS of the International Monetary Fund met on Wednesday to put the finishing touches to their plan to auction some 25m. ounces of gold over the next four years, to finance a new trust fund for developing countries.

Under the proposals, details of which are understood to be all but agreed, the fund would hold auctions at intervals of about six weeks for the next two years. These would start about a month after the directors agree on how they are to be conducted, and would probably take place on Wednesdays at a time which would allow for 10 per cent of bids after the London Exchange.

About 750,000 Troy ounces would be offered for sale at each auction, making 12.5m. ounces to be sold in the first two years.

The directors, as previously reported, are expected to reserve the right to cancel any of the auctions if it feels bids are not high enough. Any quantity unsold at one auction would be sold during the remainder of the four-year sales period.

For the first two auctions, the directors are expected to decide in favour of the common-price technique similar to that used in U.S. gold auctions. The third auction might also employ this technique, but the next two would use the bid-price system, which has also been used in American gold auctions.

The fund would publicly state that it would from time to time thereafter vary the bid technique, but the precise timing of changes would be secret.

The common-price technique allows the fund to set the level of the lowest acceptable bid and to charge that price to all those who make a bid above that level.

Secret vote

Under the bid-price system, the bidder simply pays the price, he has bid, provided that it is above the minimum level set by the fund.

The directors are understood to favour the common-price technique initially, in the hope that it will discourage too many very small bids. The minimum bid in the first auction is expected to be for 2,000 ounces, but this may later be revised. There is also likely to be a refundable deposit which would be set at \$50,000 for the minimum bid.

Agreement is also understood to be in sight on a way to overturn by a secret vote of the directors, taken without discussion, if it were overruled, the directors could then vote on successively higher bids beginning with the bids at the lowest price, which would allow the award of the full amount of gold being auctioned.

The fund's amendments have been approved by all its members, and that the fund would then work out each country's share in the profits on the basis of the actual profit realised, in all the preceding auctions.

Modified Price Code likely to remain after July

BY ELINOR GOODMAN

IT NOW SEEMS most likely that the existing price code will remain in a modified form after July.

The Department of Prices is understood to have considered a number of more radical alternatives to the present code but it has decided that the basic structure of price controls probably cannot be changed at this time when unions are being asked to observe an even tighter wages policy than before.

Instead, the Government is likely to introduce considerably more freedom to raise prices under the present code by making adjustments to the existing provisions.

Pressure from some Government departments—including Industry and the Ministry of Agriculture—may, however, mean an announcement about the continuation of the present price code in July is accompanied by details of more wide-sweeping changes to be introduced in July or next year.

There is a feeling that investment will not really get going until companies have some real indication that the present system, whereby they have to justify individual price increases to the Price Commission, is coming to an end.

At present the Department of Prices is believed to be considering a new form of price controls to come into effect some time in 1977.

This would be based on some kind of profit controls, coupled with highly publicised checks on individual price rises where there was felt to be a need for such investigations.

Under this plan, companies would have to notify the Price Commission—or some similar body—of proposed price rises, but would not have to accompany these proposals with detailed cost breakdowns. Only in special circumstances would companies have to explain the reason behind price rises.

In the short term, however, the Government is likely to introduce considerably more flexibility into the existing code than at present. This would mean companies would continue to be controlled both on individual prices and profit margin but would go some way to easing some of the most onerous parts of the code.

Difficult

This could be done in a number of ways. The clause which means that companies can only pass on 80 per cent of their increased labour costs in higher prices could, for example, be either made more generous or abolished completely. With wages going up more slowly than before, the abolition of this clause would not have the same inflationary effect it would have done this time last year.

At the same time, the Department could increase the proportion of investment expenditure which can be passed on in higher prices. Similarly, it could improve the existing safety net in the code by raising the level at which they come into effect. The present clause which allows companies to claim relief from the code if their profit on turnover falls to below 2 per cent, could, for example, be eased.

Control on retailers could be relaxed in the same way, though shop prices are still seen as a very difficult political issue.

Retailers at present controlled on both their net and gross margins and some relief could be given on the gross margin.

Such relaxation of the code would not go as far as the CBI wants, in its representations to Mr. Shirley Williams, Secretary for Prices, the CBI asked for the total abolition of the system which makes companies notify individual price rises to the commission. But the unions are known to regard this system of pre-notification, based on costs, as essential to an effective prices policy.

The rise in the price of potatoes this year has been monitored by the Price Commission, "to ensure that the shortage of supply was not abused in distributors' margins," Mr. John Fraser, Minister for Prices and Consumer Protection said yesterday at the seminar of the Co-operative general and food trades managers, in Brighton.

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STEEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISKS	CHANGES
AD Intnl.	106 + 4
PV	280 + 10
TV "A"	73 + 5
Bets	405 + 10
Home Stores	370 + 2
UB	36 + 8
Arrington/Vigella	331 + 3
Jurka and Fenn	61 + 5
Old Plains Prop.	70 + 10
Pross Cash Registers	25 + 4
Swedish Sidelite	320 + 5
International Paint	280 + 15
Finance Scott	35 + 4
Shell (C) Inv.	86 + 13
Bridge (R)	174 + 8
Mercure	190 + 4
Sealine	138 + 7
Sturway (J)	119 + 5
Steel (A.E.)	70 + 5

FALLS	CHANGES
Taylor Woodrow	288 + 8
Teacher (Distillers)	247 + 12
Thomson	207 + 5
Tobacco Sec. Tr.	307 + 7
Tootal	401 + 4
Turrill Construction	73 + 6
Waddington (J)	104 + 8
Ranger Oil	1152 + 13
East Rand Prop.	350 + 10
Hampton Areas	50 + 10
Northgate	300 + 23
Thames	236 + 8
Uph Mining	400 + 30
Woolfield Minerals	142 + 10

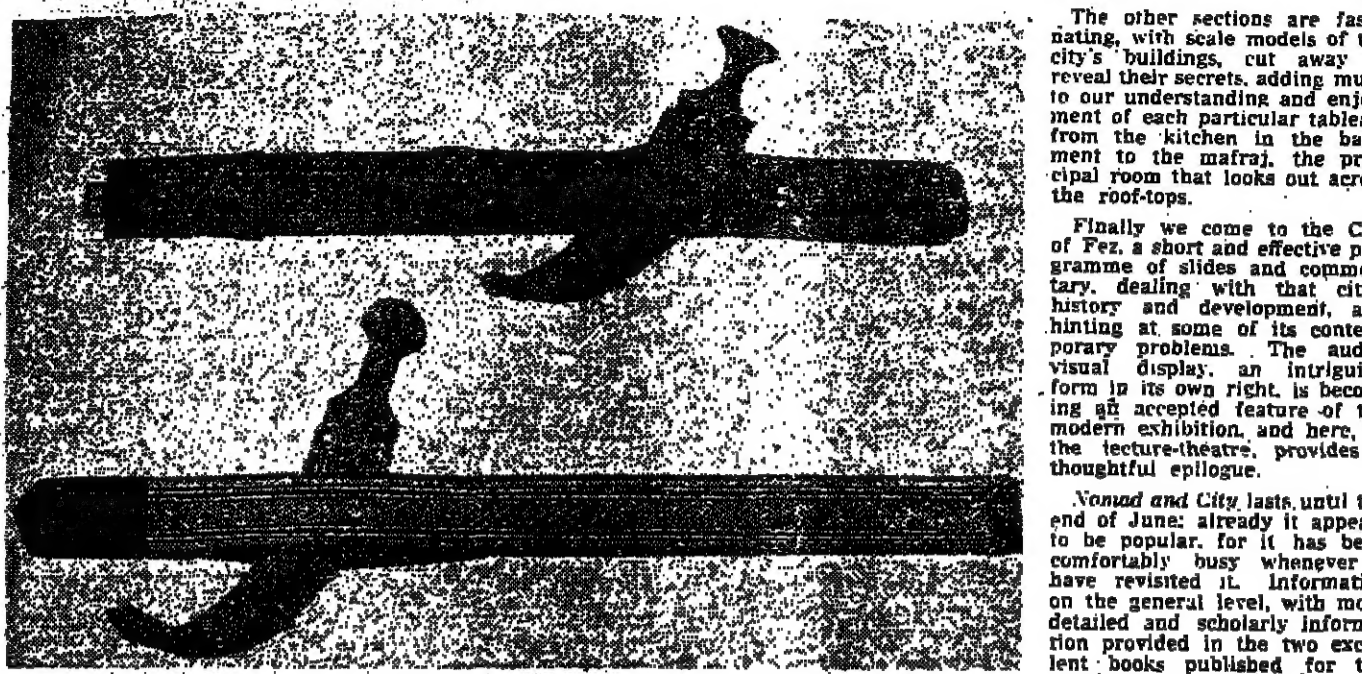
COMPANIES	CHANGES
TOOTAL made a pre-tax profit of £8.1m. (£13.1m.) for the year to January 31, on turnover of £287.8m. (£234.9m.). The company plans further expansion. Pages 9 and 21 and Lex	
MANCHESTER LINERS pre-tax profits fell to £2.2m. (£6.2m.) for 1975. Pages 21 and Lex	
BRITISH HOME Stores made a pre-tax profit of £21.9m. (£18.5m.) for the year ended April 3. Extraordinary items included a £4.2m. provision for exchange loss on a \$25m. loan. Pages 20 and Lex	

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Nomad and City

by WILLIAM PACKER

The Museum of Mankind, which is the British Museum's attempt at that most difficult of tasks, the creation of a copy of the past, is a place of great interest. It is a place where the past is brought to life, where the nomad and the city are brought together. The museum is a place of great interest, where the past is brought to life, where the nomad and the city are brought together. The museum is a place of great interest, where the past is brought to life, where the nomad and the city are brought together.



Ceremonial daggers and belts from San'a—top, gilded filigree work; bottom, silver bead work

Xenakis's 'Psappha'

Xenakis's *Psappha* has been good to hear the new work at Sunday night's English Bach Festival concert at the Round House. In a programme shared by the percussionist Sylvio Gualda, the dancer France Merovak, and two electronic tapes, *Psappha* (an archaic version of the name Sappho) is a short, rough, virtuosic study in rhythm and timbre for solo percussionist, 12 III, "an arsenal of sounds and minutes long. The score calls for six groups of sounding instruments, three of skin and wood, three of metal. None is specifically pitched, although each group of three is roughly defined by its range, high, medium and low (or in the case of the metal instruments, very high, average, neutral). The pulse is steady and constant, although not necessarily always perceived: the effect is one of great simplicity, concentration and energy—a fireball in black and white, an abstract etching of force-lines and contrasts, a machine-consciousness at once alive and inert.

Letter from Sweden

The Free Groups

by OSSIA TRILLING

In the wake of the student revolt of the '60s and the Bergman's drive to ensure the highest possible artistic standards in each, the young when head of 'Dramaten' ten years ago came the new wave of 'Free Groups' in the Swedish theatre. The new groups, though still in the main very much influenced by the institutional theatre, are to-day an integral part of the theatrical map. Alongside its own groups that established theatre, not to be outdone, created to put on dramas of protest or criticism, both the free groups are today assured of both state and local government subsidy. Swedish theatre is unthinkable without them. At last year's annual Scandinavian theatre forum, the 'Vasa Seminary', the motion for even greater subsidies for institutional and free theatre was voted unanimously.



Erland Rynell, Stefan Hallin, Karin Melander and Lena Rasmussen in 'Halla is Burning'

Margaret Price

by RONALD CRICHTON

The ill wind that sickened Teresa Berganza brought Margaret Price to take her place at Covent Garden. Miss Price being a planet who sails through our skies too rarely to disappoint, though great, was mollified. The unexpected visitor regaled her audience (which should have been larger) with singing remarkable for beauty and evenness of tone throughout the register. Unfailingly good diction in a number of languages, and a presence. Her programme included 19th century Italian, Liszt, Schubert, and a generous batch of folksongs including Ravel's admirable Greek set.

Zukerman

by GILLIAN WIDDICOMBE

An important recital on Sunday by that superb young violinist Pinchas Zukerman. He played in a superb mood throughout the programme, so it was not surprising that the Brahms D minor was the summit of the evening. (Which was a particularly rewarding situation, for it cleared from one's mind the roughshod, unready recordings made recently with Baroni of all the Brahms fiddle sonatas—not so much a case of jumping in at the deep end as an example of falling up a spare recording session.) Sunday's Brahms D minor was distinctly dominated by Zukerman, for Marc Neikrug's accompaniment was more in the nature of support than equal statement. Zukerman opened the D minor tenderly: only in the last movement did he assert full tone—just as at an earlier tone as any violinist since Menuhin.

Cast changes at Glyndebourne

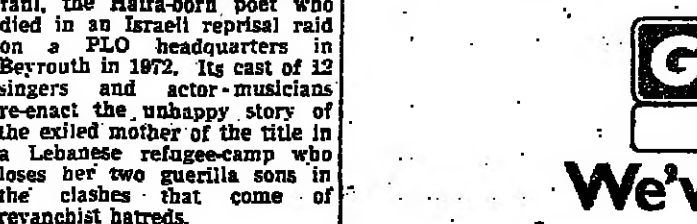
Alan Titus, who was announced to sing Pelléas at Glyndebourne, has had to withdraw due to illness. The role will now be sung by André Jobin, who will be making his debut at Glyndebourne.

British pianists for Liszt Competition

The first-ever Liszt Competition for British nationals only is being promoted by the University of Surrey this August. There are two age groups—18 years to 30 years and 17 years and under. Prizes total £250 and the winners will take part in the European Liszt Piano Competition to be held in Hungary in 1977. In addition, the winner of the senior category will be offered a series of recital and concerto engagements.

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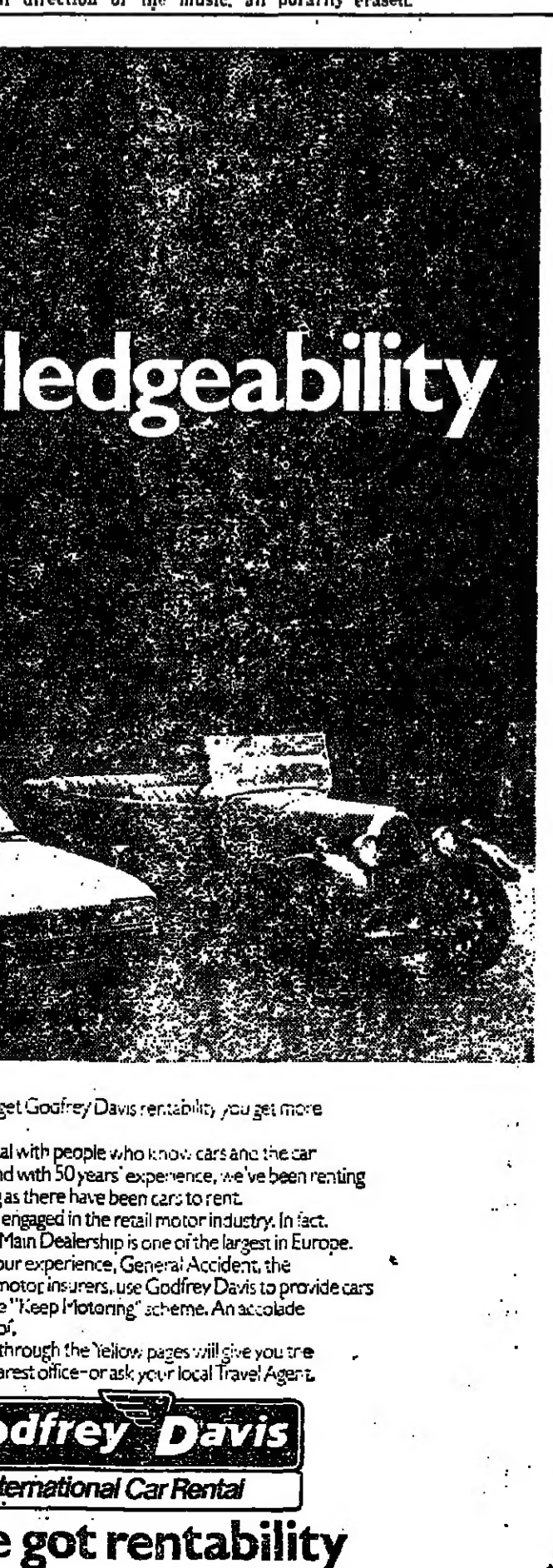


Peter Millard and Ross Skene in the Toronto Workshop Theatre's production of 'Ten Lost Years', that opened last night at the Young Vic

War Requiem

by MAX LOPPERT

In celebration of the Festival of the War Requiem led by Hall Silver Jubilee, the GLC is him some years ago was promoting a luxurious, not very evidently a profound experience, imaginative short season of concerts (May 2-12) involving, among others, the five London too many orchestral slips and slides to add to the insecurities of the boy choristers, and both Galina Vishnevskaya and Thomas Hemmley on only moderately good form. It was good to counter again that arrestingly individual Russian soprano sound, part tainted wilderness, part affecting sweetness, lending just the right 'alien' quality to the music: but Miss Vishnevskaya had moments of unhappiness at the top of the scale. The chorus, most notable sound characteristic, loss precise of rhythm than pitch, resides in its dry clarity. So made a big, well-knit sound in much of the *War Requiem* gains from the layering in vast space of its different textures that their lack of 'placing' was here often dynamic scale. In sum, it was a distinct hindrance to the atmosphere of the music. In addition, the uncertainties of the Wandsworth School boys, thin of voice and imprecise in intonation, into a convincing whole. Only were given embarrassing emphasis, with no reverence to the soothe their evident discomfort. For Bernard Haitink's muscular, invigorating, yet also careful direction of the music, all poorly erased.



Godfrey Davis International Car Rental

WORLD TRADE NEWS

PUK wins Frs.1.5bn. Soviet alumina plant contract

BY ROBERT MAUTHNER

THE FRENCH metals group, Pechiney Ugine Kuhlmann, has won a very large contract, reported to be worth some Frs.1.5bn. (about £180m.) for the construction of an alumina plant with a capacity of 1m. tonnes per year on the shores of the Black Sea in the Soviet Union.

The contract, which has already been dubbed the "aluminium deal of the century" in France, has been negotiated against tough international competition, especially from Alcoa and Kaiser of the U.S. and Japanese non-ferrous metal groups.

The agreement, the signature of which at the weekend coincided with the end of an official visit to France of Mr. Andrei Gromyko, the Soviet Foreign Minister, also provides for the building of an alumina refinery in central Siberia with an annual capacity of 500,000 tonnes and other plants producing anodes and fluoride products used in the manufacture of

aluminium. But the contract for these factories still remains to be finalised.

As its part of the bargain, PUK, which heads a consortium including Creusot-Loire, Fives-Cail, Babcock, Escher-Wyss France and Lurgi SA, has undertaken to purchase 50,000 tonnes of aluminium per year, from the Soviet Union.

As with most deals with the Soviet Union, it has been under negotiation for several years. As long ago as 1973, the Russians invited international tenders for the construction of what they claim will be the largest alumina complex in the world. PUK was one of the favourites from the very beginning, but lost ground in subsequent years when the fall in the exchange rate of the dollar and yen made the U.S. and Japanese offers more attractive to the Russians. As a result of recent international currency trends, however, the French bid again became highly competitive.

The cooling off of Franco-Soviet relations following President Pompidou's death in 1974 was also believed to have militated against the French for a while. But the deal was removed last week when Mr. Gromyko and his French opposite number, M. Sauvagnargues, succeeded in clearing up some of the misunderstandings which had arisen between the two countries.

● PUK and Generale Industrie Metallurgique (GIM) have formed a joint study group to examine the activities of their Italian copper and aluminium conductor processing subsidiaries Trallieres E Laminatoi di Metal (of PUK) and Societa Metallurgica Italiana (of GIM).

A PUK spokesman said the group will examine the profitability and competitiveness of the subsidiaries, especially in view of Italy's current crisis, but gave no further details.

PARIS, May 3.

Polish project cutbacks

WARSAW, May 3.

POLAND has announced cutbacks in some investment areas to concentrate on key industrial plant that would either save hard currency imports or boost exports to the West.

The party newspaper daily, Trybuna Ludu, said it was unpopular, but indispensable, to halt work on some projects which had been inserted into the five-year plan 1976-80 without Central Government authority.

Poland now proposed to concentrate investments on 32 key projects including the new Katowice steel mill which is the largest single investment in the Five Year Plan and has been under construction for over two years, partly with Soviet equipment.

France is supplying two rolling mills for the Katowice foundry which is due to open its first production unit by the end of this year. In the meantime, Poland is importing steel from Austria and some other countries to supply its growing industry and car manufacturing sectors.

Other key projects qualifying for concentration of resources are power plants, food processing, house-building, while public housing will not be affected by cutbacks.

With some 56bn. of external debt, Poland is increasingly anxious to boost exports and promote hard currency economies at home.

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AMERICAN NEWS

Indiana primary will be crucial test for Reagan

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 3.

PRESIDENT FORD, shaken by his crushing defeat in Texas over the week-end at the hands of Mr. Ronald Reagan, is now facing three more primaries to be held in the next few days in which the outcome is thought to be in doubt.

They are all in Georgia, Alabama and Indiana. In the District of Columbia which also votes tomorrow, the President is unopposed.

It is reckoned that Mr. Reagan's chances in Georgia and Alabama, which send a total of 85 delegates to the convention are good. They are both Southern States, and Mr. Reagan's only 255 votes achieved in neighbouring North Carolina.

Indiana, where President Ford is currently campaigning, is the real test of Mr. Reagan's sudden resurgence. It is the 11th largest State in the Union, sends 54 delegates to the convention, and is the sort of State that the President has been able to carry so far.

His advisers there have been confidently predicting victory for some time. Although polls earlier in the year put Mr. Ford 25 points ahead, the 10-point margin that the State Republican chairman is now estimating is comfortable enough.

But there are now doubts. There is some doubt about whether or not Indiana is really as conservative. The evidence had been that as the State's economy shifted from an agricultural to an industrial base, its politics had moved too—to the extent

that both of its U.S. Senators, one of its 11 Congressmen and one House of the State Legislature are in Democratic hands.

But it is now being noted that the Southern part of the State is pretty close to the Reagan stronghold (Kentucky is its Southern neighbour). Mr. George Wallace took 41 per cent of the vote in the primary, three years ago, an indication, it is argued, that Conservatism in Indiana is by no means moribund.

Moreover, Indiana is another of the States which permits crossover voting, which in Texas was a main factor in the Reagan landslide. It is therefore quite possible that conservative Democrats will again forsake Mr. Wallace and vote for the conservative Republicans. His Texas victory has lent a certain legitimacy to such a tactic and his campaign manager in Indiana is claiming that it will be worth 10 percentage points in tomorrow's contest.

There are renewed doubts also about the quality of the Ford campaign organisation. Senator Barry Goldwater, for example, observed over the weekend that "President Ford has no organisation in any State that I can remember."

More materially, Mr. Ford may be running into some money problems. These are not the sort that have bedevilled both the Democrats and Reagan, who were heavily dependent on Federal financing. Mr. Ford still has money in the bank but it appears to have been spending it rather too freely; his campaign in the primaries has already cost

him \$3m. of the \$15m. ceiling permitted by law. Yet two-thirds of the primaries still lie ahead and the Reagan challenge is now more alive than it ever was.

A Reagan hattrick of victories to-morrow would really put the cat among the pigeons. It would mean even the delegate race he has won considerable attention in these Republican delegates who are officially uncommitted.

It has been assumed that most of these could be placed in the Ford camp, but it is worth remembering that many of them are effectively controlled by other notable Republicans.

Vice President Rockefeller, who constructed the New York real interest to-morrow lies in whether Governor Wallace can manage to hold on to his huge State of Alabama in the face of the competition from Mr. Jimmy Carter. In Texas last week, Mr. Wallace was privately worried about the outcome in Georgia, the primary should merely be a coronation for the former Governor while in Indiana, where Mr. Morris Udall has been kept off the ballot on a technicality, nobody seems to be standing in Mr. Carter's way.

This morning, Senator Bach of Indiana, who dropped out of the Presidential race early, endorsed Mr. Carter, the first failed candidate to do so. That should remove whatever tiny doubts there were about tomorrow's contest.

Forecast of steel shortage

ATLANTA, May 3.

MR. EDGAR SPEER, chairman of U.S. Steel, told a news conference before the annual meeting: "My guess is that in the half of 1976, and possibly throughout 1977, we are going to experience once again a shortage of steel similar to that in 1973-74 period."

His comment came in reply to a question about the likelihood of a steel shortage in 1977. AP-DJ reports that he predicted an increase, but as would judge there would be a near shortage of products before anything could be contemplated any price increase.

He said the chances of the party's recovering its high depends "pretty much" on the market acceptance of price increases.

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Australian car talks resume

BY KENNETH RANDALL

CANBERRA, May 3.

A CONFERENCE under government sponsorship began a full effort today to thrash out the issue which will largely govern the proposed restructuring of the Australian car industry.

Representatives of General Motors-Holden's, Ford and Chrysler—the established manufacturers—plus Japanese officials of the Toyota and Nissan companies met with the Minister for Industry and Commerce, Senator Robert Cotton, on future plans for four-cylinder engine production.

The Japanese companies have been planning to join with Chrysler and the Australian Industry Development Corporation to make four-cylinder engines at Chrysler's South Australian Plant. But GIM has announced its intention to enter independently into four-cylinder production in Victoria.

Senator Cotton has made it clear that the Government does not want fragmented production capacity for four-cylinder engines. When the Government announced its preliminary restructuring proposals last month, the entry of Toyota and Nissan into local manufacture was made conditional on a satisfactory resolution of the issue.

Mr. Cotton had been set as the deadline for finding a solution to the engine problem and talks began on April 9. After today's meeting Senator Cotton said that a number of proposals had been considered, aimed at find-

ing a way in which "the Government's desire to see full use of existing productive resources" could be reconciled with the technical and commercial considerations which the companies must take into account.

No details of today's talks were made public but it is understood that one suggestion is that the Chrysler-Toyota-Nissan consortium buy engine castings from GIM's Victorian plant and build them up in south Australia.

Senator Cotton said today that the issue was "not necessarily a matter of one side or the other giving ground." (GIM, he said, had been most co-operative in trying to get the best solution. As a Government," he said, "we must be careful not to give a solution to the industry which it cannot accommodate."

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OVERSEAS NEWS

Beirut battles go on despite ceasefire bid

BY MICHAEL TINGAY

BEIRUT, May 3.

AS LEBANON entered the second week of searching for a successor to President Suleiman Frangieh, the fighting at the port, and another night of heavy fighting followed the announcement yesterday that the ceasefire bid would expire at the end of April.

But as a day of sporadic shelling and sniping continued, the irrelevance of ceasefires was underlined. Battles continued in the port area where left-wing forces continued to hold a minor "bank building" captured from right-wing Christian Phalangists over the weekend.

Observers in the battle zone over the weekend and today concluded that whatever the desires of statements of Mr. Kamel Jumblatt, leader of the Left-wing alliance, the fighting was likely to continue in the port and commercial sector of Beirut. Left-wing militia sources confirmed that the Left is now too close to their immediate strategic man.

on a deeper understanding of his objective, the tall Fattal building at the port, to abandon the "ceasefire" which would expire at the end of April.

As fighting continued, so too did the swirling political movements of Lebanese leaders. Mr. Kamel Jumblatt, who had given his conditional support to the candidacy of Mr. Raymond Edde, national bloc leader, hinted that he might change his policy. He emphasised in an interview with the Financial Times that "support for Edde is conditional attitude" to constitutional reforms. We shall see.

Reliable sources close to the "Progressive" Muslim alliance believe that support for third candidate as an alternative to Mr. Edde and Mr. Elias Sarkis, the Syrian favoured Governor of the Central Bank, wavered between Mr. Michel el Khoury, son of independent Lebanon's first President and Mr. Manuel Younis, a prominent business close to their immediate strategic man.

Mrs. Gandhi to Moscow

MOSCOW, May 3.

INDIAN Prime Minister Mrs. Indira Gandhi is to make a long-expected official visit to the Soviet Union during the first week in June, diplomatic sources said today.

News of the visit came just three weeks after the surprise announcement from New Delhi that India and China agreed to exchange ambassadors. There has been no comment in Moscow on the new link with Peking, but Western analysts said they expected Soviet officials would discuss the subject with Mrs. Gandhi. The Soviet Union has close political, economic and military ties with India, including a Treaty of Friendship and Co-operation signed in 1971. The two countries recently signed a new 10-year trade agreement.

Saigon Press to go

Government officials have told foreign journalists in Saigon that they must cease their activities by Friday. The officials told Reuters that any news agency wishing to open a bureau in Hanoi should apply to the foreign ministry there. The Vietnamese people voted last week to elect a single-party national assembly with 249 members from North and 248 from South.

Indian reflation plea

The Federation of Indian Chambers of Commerce and Industry has made a strong plea to the Government to ease substantially the monetary, fiscal and administrative measures and to cut the bank rate and the lending rates of banks which, it said, should apply to the foreign ministry there. The Vietnamese people voted last week to elect a single-party national assembly with 249 members from North and 248 from South.

Scepticism over Sir Harold as the man to mediate in Rhodesia

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

THE suggestion that Sir Harold Wilson might mediate between Mr. Ian Smith and Rhodesia's Black nationalists was greeted last night with extreme scepticism from almost all sides.

The suggestion was attributed to Dr. Henry Kissinger, the U.S. Secretary of State who is in Nairobi. Dr. Kissinger believes that Sir Harold could prove an acceptable mediator to both sides in the constitutional dispute.

According to Government sources in Salisbury, the suggestion was "the joke of the year." The sources said that ideological differences between Sir Harold and the White minority Government were too wide to be ignored and in the light of the breakdown of the Smith-Nkomo talks and the recent appointment of Africans to the Rhodesian Cabinet, questioned whether there was anything to mediate.

There were similarly sceptical reactions in Whitehall and Westminster last night. A Foreign Office spokesman drew attention to the Government's position repeated only last week by the new Foreign Secretary, Mr. Anthony Crosland.

This was that there could not be further British initiative nor any hope of negotiations until the Smith Government accepted majority rule.

Only after that could there be talks designed to lead to majority rule within 18 months to two years.

Some observers have suggested that the Kissinger proposal—if such it is—shows that despite his major speech last week in which he backed the U.K. position on Rhodesia—the U.S. Secretary may still not have grasped the essentials of the Rhodesian situation.

A more charitable explanation, however, is that the suggestion came in response to a question from a reporter—either to an official or to Dr. Kissinger direct—and that in order not to appear childish towards the former British Prime Minister, the possibility of Sir Harold's mediation was welcomed.

The Governor of the Bank of Zambia, Mr. Bitwell Kuwani, has been arrested by police in Lusaka. According to reports from the Zambian capital, Mr. Kuwani, together with his wife, were arrested on Saturday morning.

The arrests, which have aroused considerable surprise and concern in Lusaka and abroad, were confirmed at the week-end by Mr. Aaron Milner, Minister of Home Affairs. However, no reasons for the arrests have been given.

GDP rises by 7.7% but is outpaced by inflation

BY TONY HAWKINS

SALISBURY, May 3.

REFLECTING the impact of the world recession, Rhodesia's real domestic product (after adjustment for inflation) fell 1.5 per cent last year—the first such fall since UDI in 1965.

The Rhodesian Government's economic survey published tomorrow shows that in money terms, GDP rose 7.7 per cent last year but this was outpaced by the rate of inflation.

The decline in national product reflects the slowdown in growth in the three main productive sectors—manufacturing, mining and agriculture—whose output rose 1 per cent last year as against 34 per cent the previous year.

The current account of the balance of payments deteriorated with the deficit reaching a record of post-sanctions R\$128m. (£111m.) compared with R\$99m. the previous year. This resulted from a small adverse shift in the terms of trade, a decline in the trade surplus to R\$33m. from R\$51m. in 1974, and a further rise in the deficit on invisibles.

However, the net capital inflow exceeded R\$101m. so that the deficit on both current and capital accounts at R\$26.8m. was lower than the R\$33m. experienced in 1974.

The economic survey is mildly optimistic about the prospects for the current year, saying that there should be above-average crops due to late summer rains while prices of most agricultural products have firmed. It expects mining to be a "strong feature" with increased volume of output and higher prices for minerals, while manufacturing output which fell in volume by 1.4 per cent last year should do better in 1976. It expects a continuing decline in building and construction and warns that because of budgetary considerations, public sector spending will be limited to projects of "the highest priority."

Neto confiscates Portuguese property

BY JANE BERGEROL

LUANDA, May 3.

THE Angola MPLA Government has passed a new law confiscating the economic interests abandoned by Portuguese settlers in the country. The law is known to affect 11 companies, principally the Textang Textile group and the Cuca brewery and farming group.

At a May Day rally, President Agostinho Neto said: "We are taking these abandoned economic interests of the Portuguese colonialists into our own hands." But official sources said the confiscation law does not affect Portuguese state owned assets in Angola—by far the greatest part of Portuguese interests here following Lisbon's March 1975 nationalisations—nor, the sources said, would privately owned foreign non-Portuguese assets be affected.

At the May Day rally President Neto also spoke out in favour of developing relations with the West. "We want to develop relations with the Socialist countries," he said, "but also with capitalist countries not hostile to us and wanting to establish relations at diplomatic or commercial level."

This may mean the Peoples Republic is now ready to take the block EEC recognition of Angola a stage further towards formal diplomatic or commercial links. France and Italy already have semi-official representation in Luanda, as does Belgium. Only Portugal and Brazil have formal diplomatic relations.

Meanwhile the president has also promulgated a "peoples revolutionary tribunal" law under which a tribunal of five judges and presiding judge, based in Luanda but with jurisdiction over the whole country, will try "crimes against the Angolan people, against their unity," and territorial integrity. It is also competent to try "war crimes and crimes against humanity," while the main purpose of the revolutionary tribunal is thought to be trial of MPLA and Unita prisoners.

Stewart Dalby reports on Black pay in South Africa

THE ISSUE of wages and conditions for Black workers in South Africa is delicate and controversial. Anyone trying to discover whether in fact companies are paying Black workers above the poverty line, or are negotiating with Black unions, is likely to be thought a muckraker, or worse.

Last week, the Christian Concern for Southern Africa (CCSA) published a report on the performance of British companies with subsidiaries in South Africa. They found that they received full answers from only 26 of the 141 companies contacted and suggested that a "substantial" number were still paying below the poverty datum line (PDL), the base criterion for a minimum income of a Black family of five in an urban area. Nearly half the companies were paying below the minimum effective level (MEL) recommended by the Government.

Reluctant

In a much more restricted survey—I contacted 22 companies in all—I found that very few were willing to divulge detailed information about what they are doing to alleviate the lot of their African employees. Most of the companies I spoke to appeared to be paying at or around the PDL, although the wage increases that have been achieved do not always appear to have been through deliberate acts of policy by the companies.

In the critical area of trade union recognition, which Blacks themselves regard as one of the main issues involved in working conditions, only one British company, as far as can be established, has fully entered into an agreement with a Black trade union.

Moreover, since the furor about wages and conditions of Blacks first broke in Britain in 1973, comparatively few companies have reported back about their activities. But the companies claim that the failure to report is not entirely their fault, but is rather due to anomalies between British and South African law.

Around 40 companies have so far submitted detailed reports out of something like 300 which are more than 50 per cent British-owned, and therefore eligible. It does not suggest an overwhelming desire to divulge information.

The basic conclusion from the information gleaned however, is that the majority of British companies are paying wages around or above the PDL, one of the basic yardsticks used by the Select Parliamentary Committee, although there are some glaring exceptions to this generalisation—notably the plantation companies, as the CCSA report suggested.

Still a closed book

The point, however, is that even where wages have risen, they have not often done so because British concerns were shocked into action by the Select Parliamentary Committee's report, or even as an act of deliberate policy by individual companies.

Take the case of mining companies. There are no Black unions in the mines. The White unions are strong and bigoted, and the structure of the labour system, which involves Black migrants living in compounds away from their families, militates against unions coalescing. Yet since the middle of 1974 there have been three wage rises decided upon by the Chamber of Mines, which have hoisted effective wages to about level with the PDL for a mining compound, which is R100 a month.

Mining wages have gone up, according to economists, principally because of economic forces, in particular the withdrawal of some foreign, especially Malawian, labour.

What the increases mean in terms of British companies is that Gold Fields South Africa, the 49 per cent-owned subsidiary of Consolidated Goldfields, is now paying around the PDL. It is reckoned to be the largest single employer of Black labour among British subsidiaries, not in the Select Parliamentary Committee it emerged among the most reluctant to give information.

Mrs. Jane Thlongwane, the general secretary of the (unregistered and therefore unofficial) Engineering and Allied Workers' Union, says that since 1974, in the industries she deals with under the relevant industrial council, there have been three wage increases, bringing the hourly rate up from 32 cents to 48 cents an hour. Again this takes the monthly wage to over R119 a month, which is the PDL for Johannesburg or Soweto. It means that British companies like Dorman Long, Ruleigh, GEC, African Cables and Stewart and Lloyd's, with whom the 9,000-strong union deals, are paying above the PDL.

But Mrs. Thlongwane says: "These increases have come about because of the wide-scale strikes in 1973, and not because the companies have wanted to do anything. They negotiate with the White unions on our behalf case."

under the Industrial Conciliation Act.

British companies thus appear to have been happy to let wages drift up, and in some notable cases like Barclays Bank have actually pushed them up, but they do not seem to concern themselves with the improvement of conditions which union recognition would probably bring about. This pre-occupation with wages rather than with wages and conditions is, according to virtually all the Black trade unionists I have spoken to, the heart of the Black industrial workers' problem.

The way Blacks are represented at the moment is through handful of other foreign concerns through liaison committees with management. Every Black trade unionist I spoke to dismisses these as virtually useless as collective bargaining tools.

Despite the emphasis the unions themselves place on negotiation and despite continual pressure, as far as can be established, only one British company, Smith and Nephew, has entered into an agreement with a wholly Black union. A handful of other foreign concerns have also signed agreements. Some Black unions have been allowed to sit in on informal meetings with joint White-Coloured Unions, but this is as far as they have got.

Agreement

However, at Smith and Nephew the Black National Union of Textile Workers is a co-signatory, with the White and Coloured union the Textile Workers' Industrial Union of South Africa, to an agreement with management which sets wages scales over specific time periods, and also spells out workers' conditions and rights. The deal gives a basic starting wage claimed to be almost twice that of a South African concern over the way.

Asked why Smith and Nephew had entered an agreement, a spokesman said: "We are an enlightened company, I suppose." Further asked why he thought other British companies had not recognised African unions, he said: "Well you must remember many of them are actually run by South Africans, who are conservative and are not encouraged to recognise by the Government here. They are also frightened that the unions may be used to develop political power."

Be that as it may, it is three years since the furor first broke over British subsidiaries, and this is the only company to enter an agreement with a fully black union. The argument has been that while South African companies may not be keen to do anything about their Blacks, British subsidiaries have parents under more pressure to do so. This does really appear to be the case.

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HOME NEWS

Dublin may find fugitives Bill unconstitutional

BY GILES MERRITT

DUBLIN, May 3.

There are growing indications in Dublin that the Irish Supreme Court's examination of the "Criminal Law (Jurisdiction) Bill" is likely to result in a finding that the Bill is unconstitutional. The Bill, which would allow the Irish Government to extradite fugitives from the Republic to face trial in Britain, is being challenged by the Irish Bar and the Irish Government. The Bar argues that the Bill is unconstitutional because it would allow the Irish Government to extradite fugitives to face trial in a foreign court, which is against the principle of the Irish Constitution. The Government, on the other hand, argues that the Bill is constitutional because it would allow the Irish Government to extradite fugitives to face trial in a foreign court, which is in the interests of justice.

Car industry 'faces real trouble' over imports level

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

IF CAR imports are not reduced to an acceptable level in the space of five years at the most, the UK motor industry will be in "real trouble", a leader of the motor industry has warned. Mr. John Beswick, director-general of the Society of Motor Manufacturers and Traders, disclosed that his organisation was having urgent talks with the Government to try to persuade the Treasury to change its mind over the new proposals for company car taxation. Mr. Beswick, who was speaking in London, said that the industry was keeping a keen watch on build up of East European sales, while further talks were shortly taking place with Japanese manufacturers. Negotiations with the Japanese last year produced a tacit agreement under which imports were limited in the first quarter of this year to average levels achieved in the latter part of 1975.

Magistrates urged to use compensation powers

BY A. H. HERMANN

CRIMINALS should be compelled to make some reparation to the people they injure, Essex magistrates were told by Lord Chancellor, the Lord Chancellor, last night. Magistrates ought always to consider compensation in appropriate cases, he said, reminding them that they can now award up to £400 for each offence. He was continuing the Government's campaign of exhortation against the increase in violent crime, largely committed by young people for its own sake. On previous occasions, he has urged magistrates to impose more realistic sentences and underlined the courts' duty to protect those who serve the public, such as bus and train crews and the police.

Federation may drop bid to oust 'lump case' builder

FINANCIAL TIMES REPORTER

THE NATIONAL Federation of Building Trades Employers will probably change its mind about demanding the resignation of J. Murphy and Sons after the fines of £800,000 imposed on the company, and the jailing of three of its executives, for "lump" tax frauds. Resignation matters are dealt with on a regional basis and last month, after the 54-day trial at the Old Bailey, the federation's London region said that it was asking for Murphy's resignation. Yesterday, the national body said the London region was being advised to withdraw its request for the resignation. The London region is expected to take this advice at its next council meeting.

Lord Cross to head City takeover appeals body

Lord Cross of Chelsea, 71, the former senior judge and Lord of Appeal in Ordinary, is to become chairman of the Appeal Committee of the City Takeover Panel. He replaces Lord Pearce, the first chairman, who has retired aged 73. The appointment has been approved by Mr. Gordon Richardson, Governor of the Bank of England. Appeals to the committee—set up eight years ago—are relatively rare, numbering fewer than ten a year.

Dearer borrowing

Just National Bank of Chicago, high two months ago led a band of interest rate cuts by S. banks in London, has now raised its sterling base lending rate from 9 to 9½ per cent.

Transport talks

New unit has been set up by Department of the Environment to co-ordinate consultations with interested parties on the Government's transport policy document and analyse their comments.

Embassy plans

Malby Crofton, leader of Kenyan and Chinese Council, yesterday joined protests over the prospect of a new Russian embassy complex in Kenyan Church Street. "We have very large concentration of embassy buildings and this plan would amount to a complete

Belts save lives

The wearing of safety belts by drivers and front seat passengers led to a saving of more than 4,500 fatal or serious motor accident casualties, according to a report on the provisional casualty figures for 1975 published by the Environment Department yesterday. The number of people killed in road accidents in Britain last year fell 9 per cent to 6,550. Serious injuries, at 77,000, were down 6 per cent.

Mounting problem

London's rubbish is a mounting problem. Each citizen produces nearly half a ton of the stuff each year and existing disposal sites cannot take much more, says a GLC report. It suggests transporting the waste by train to sites well outside the capital and spotlighting three "stations" now being developed.

Winning building

Foster Associates, a London-based architectural practice, has won a \$28,000 U.S. award for distinguished architecture using aluminium. The prize-winning building is the head office of Willis, Faber and Dumas, insurance brokers, in Ipswich.



Eighth Army men say last farewell to Montgomery

The Eighth Army said an emotional farewell to Field Marshal Viscount Montgomery at St. Paul's yesterday. Hundreds of men who served under Monty in the North African campaign gathered for a memorial service organised by his family. Among those present was his son, the new Viscount Montgomery, seen above. The Very Rev. Martin Sullivan, Dean of St. Paul's, a chaplain in North Africa during the desert war, said in his address that Field Marshal Montgomery must have been a difficult man. "To a lesser degree dogmatic, self-opinionated, conceited, he had great faults because he had great gifts. He was a general, not a corporal."

Tories plan new attack on Scots Assembly

By Chris Barr, Scottish Correspondent

OPPOSITION of devolution in the Conservative Party are planning a new offensive against the proposed Scottish Assembly when they launch a "Keep Britain United" group on Sunday.

The man organising the group is the Tory MP for South Aberdeen, Mr. Iain Sproat. He will be supported by the MP for Glasgow Cathcart, Mr. Teddy Taylor.

Mr. Sproat hopes that the new group will become the focus for all those in industry, commerce and the trade unions who dissent from the Government's policy of creating a directly elected legislative body for Scotland.

He also hopes that—like the "Scotland in Europe" group, which campaigned in favour of EEC membership in last year's referendum—the new group will become an all-party affair, attracting the support of Labour Party activists and MPs who are equally opposed to the Scottish Assembly.

There is already one Labour Party organisation dedicated to the same objective—the "Scrap the Assembly" committee, headed by the former Glasgow Marvill MP, Mr. William Hannan.

BSC faces charges after steelworks disaster report

BY KEVIN DONE, INDUSTRIAL STAFF

THE British Steel Corporation is facing two charges after investigations by the Health and Safety Executive into the explosion at the Appleby-Frithingham steel works, near Scunthorpe, last November, in which 11 men died.

A report last week by the executive laid the blame for the disaster on the BSC management. It made it clear that it considered that the BSC had failed to implement the declared safety policy of the Corporation.

BSC was blamed for "deficiencies in plant design, maintenance and personal protection for employees." Mr. Bob Scholey, its chief executive, said last week that the management accepted the executive's report and would shoulder absolute responsibility for it.

The charges allege two contraventions of the Health and Safety at Work Act, 1974. The maximum penalty on conviction is a £400 fine on each charge.

The first charge states that BSC failed to ensure the safety of three employees by not providing protective clothing for them.

The three men, Mr. Jack Williamson, Mr. Leslie Taylor and Mr. Charles Jenney, were working at the Queen Victoria Blast Furnace on the night of the explosion. All three were admitted to hospital with burn injuries.

The second charge alleges that the safety at work of two employees, Mr. Jeffrey Hill and Mr. Patrick Griffin, was imperilled because BSC failed to maintain the Queen Victoria Blast furnace in a safe condition "as far as was reasonably practicable."

The cooling system of the blast furnace was leaking water, states the charge.

Last week's report by the executive said that the explosion was caused by water coming into contact with molten metal in a torpedo ladle, which caused 80 tonnes of molten metal to shower on to the workforce below.

The case will be heard on June 9.

The British Steel Corporation increased its white-collar staff between 1973 and 1975 while cutting substantially the number of blue-collar workers in production departments.

Figures just published in Annual Statistics for the Corporation 1975 show that after a sharp decline in 1972 white-collar staff on the payroll went up from 61,290 in September 1973 to 65,140 at the end of 1975.

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You can obtain your booklet, application form and details of fees, by sending off the coupon or by going to your local Trading Standards Department. (In some areas this is known as a Consumer Protection or

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ALL APPLICATIONS FOR THESE CATEGORIES MUST BE IN BY 31st MAY

The plea of the architects

By H. A. N. BROCKMAN, Architecture Correspondent

THE Royal Institute of British Architects has now produced a well considered and closely argued case to the Monopolies Commission for the retention of its long-standing and, coming from a hundred-year-old and mostly accepted mandatory fee-scale.

The Commission has been sitting for a long time, since 1970. Before that the Prices and Incomes Board (which was against the mandatory fee-scale) paved the way for the Commission's long deliberations. The PIB was routed by the RIBA, on the architectural profession, because the Institute's principle of a mandatory minimum fee-scale was upheld by the responsible Government department of the time.

Mandatory

Now the Institute, at the request of the Monopolies Commission, has submitted its defence of the mandatory minimum fee-scale as the corollary to the present inquiry into the nature of the scale. In other words, the Commission wants to know why the architectural profession needs a fee-scale at all and why it cannot encourage its members to compete against each other in economic rather than purely professional terms.

It was Sidney and Beatrice Webb who, in 1917, succinctly described the nature of a profession as "... a vocation founded upon specialised educational training, the purpose of which is to supply disinterested council and service to others, for a direct and definite compensation, wholly apart from expectation of other business gain."

Spring, 1977

As for incomes, the architect, compared with other professions, comes a long way down the scale. In 1970, the median annual earnings of principal architects were £3,125, compared with barristers at £5,940

and auctioneers at £7,750. These figures must be related to the long training period for architects—up to seven years—the equal of any other learned profession.

The Monopolies Commission has at the moment taken over from the Government this vexed question of architectural fees. Following the reverse of the Prices and Incomes Board opinion on the matter in 1968 discussions were opened between the RIBA and central Government on fees, but with the appointment of the Commission, the Government broke off discussions pending the Commission's report. This is not expected until spring 1977 at the earliest.

Protection

Meanwhile the RIBA is able to draw attention to the benefits to both the profession itself and to its clients of its tenaciously held mandatory fee scale.

Its case starts with the argument that in today's competitive climate and the extreme restrictions on expenditure in every direction, the architect is subject to tremendous pressures—often from clients far more powerful than himself—to reduce estimated costs which are bound to rise in an inflationary period. If, by attempting to do so (with-out a mandatory fee scale and, therefore, in open competition with other architects) he reduces his fee, lowers the specification for his materials, reduces the quality of his finishes, and the quality and extent of his supervision of the



Commercial competition could lead to a fall in service and the "quality" of life, says the RIBA, whose President, Mr. Eric Lyons, is seen against the Institute's London headquarters.

job, he lets the client down, lets the builder down and lets the profession down.

In these circumstances and in all others it is submitted that the fee scale provides an all-round protection.

The present competition between architect and architect is in any case a guarantee of professional alertness, it is claimed. The architect who is a

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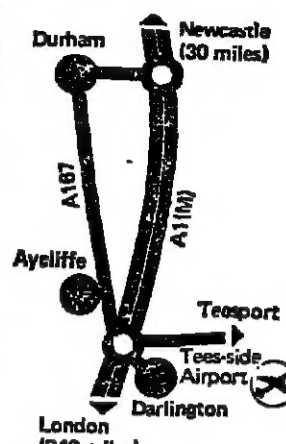
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Tootal plans to put emphasis on garment manufacture

BY RHYS DAVID, TEXTILES CORRESPONDENT

TOOTAL is planning to expand further its manufacture of garments and other made-up goods and cut back in areas which have shown a low return.

The company, which is one of the U.K.'s four biggest textile groups, yesterday reported pre-tax profits of £9.13m. for the year to January 31, compared with £13.1m. in 1974-75. Turnover was up from £234.9m. to £237.8m.

It is planning to increase overseas sales and hopes to develop

further in Continental markets. These last year produced less than 5 per cent of its total trading profit.

Mr. Robert Audsley, managing director, said yesterday that the aim would be to shift the emphasis of the business further towards finished products. Investment in areas where the returns were inadequate and unlikely to improve would be reduced.

The company has already announced the closure of a number of spinning and weaving units and last year sold Hides

group, its department store chain, to House of Fraser.

Total expects spending on new plant and equipment in 1976 to be about £14m.—roughly the level of the past two years—and is including in its plans a £2.5m. investment in computerised central cutting facilities for its manufacture of men's and women's garments. It has applied for assistance for this project under the Government's Industry Act aid scheme.

Report Page 21

Sainsbury in hypermarket launch

BY ELINOR GOODMAN

THE JOINT company formed last year by J. Sainsbury and British Home Stores to develop hypermarkets has received planning permission to build its first store.

It will have a sales area of 50,000 square feet and be built in Washington New Town, Co. Durham.

Trading under the name Sainsbury—the name chosen for all hypermarkets to be developed by the joint company—it will open before Christmas next year. The store, like other existing hypermarkets, will provide free parking and have all its sales area on one floor.

About one-third of the selling space will be devoted to foods, with Sainsbury providing the grocery expertise and BHS its experience in large store retailing.

Both Sainsbury own-label products and BHS's own Prov brand goods will be sold at heavily discounted prices, though the hypermarket is also expected to sell some branded goods.

The company is not specifying the size of the price cuts it will be offering in Washington, but if it is to compete on food in the North of England, it is expected that it will have to reduce normal prices by about 10 per cent. Operating costs, however, will be substantially lower than in a traditional supermarket.

Sainsbury, whose largest existing supermarket has a sales area of 35,000 square feet, joined BHS 12 months ago to form a company to develop hypermarkets.

The idea was that the two groups would pool their existing strength in food, textiles and catering to develop larger stores which, by virtue of their size, can offer the shopper cheaper prices.

Since then the company has explored a number of sites, including one at Colchester. It is now looks as if this site may be used as a traditional supermarket rather than as a hypermarket.

The joint company is also believed to have one further planning application pending.

No figure has yet been given for the cost of the Sainsbury-BHS development, but judging by the experience of other superstore operators, it will not cost much less than £4m. to develop.

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12	904	1088	2969	3663	4527	5198	5687	6502	7928	8608	10507	11256	11939	12858	13778	14476
110	904	2049	2848	3022	4545	5220	5729	6523	7976	8602	10522	11271	11954	12873	13793	14491
189	1041	2076	2884	3738	4548	5223	5732	6526	7979	8605	10525	11274	11957	12876	13796	14494
119	1041	2076	2884	3738	4548	5223	5732	6526	7979	8605	10525	11274	11957	12876	13796	14494
234	1097	2076	2884	3738	4548	5223	5732	6526	7979	8605	10525	11274	11957	12876	13796	14494
235	1106	2125	2937	3788	4598	5273	5782	6576	8029	8655	10575	11324	12007	12926	13846	14544
236	1134	2158	2970	3821	4631	5306	5815	6609	8062	8688	10608	11357	12040	12959	13879	14577
237	1142	2166	2978	3829	4639	5314	5823	6617	8070	8696	10610	11359	12042	12961	13881	14579
238	1149	2174	2986	3837	4647	5322	5831	6625	8078	8704	10612	11361	12044	12963	13883	14581
239	1156	2182	2994	3845	4655	5330	5839	6633	8086	8712	10614	11363	12046	12965	13885	14583
240	1163	2190	3002	3853	4663	5338	5847	6641	8094	8720	10616	11365	12048	12967	13887	14585
241	1170	2198	3010	3861	4671	5346	5855	6649	8102	8728	10618	11367	12050	12969	13889	14587
242	1177	2206	3018	3869	4679	5354	5863	6657	8110	8736	10620	11369	12052	12971	13891	14589
243	1184	2214	3026	3877	4687	5362	5871	6665	8118	8744	10622	11371	12054	12973	13893	14591
244	1191	2222	3034	3885	4695	5370	5879	6673	8126	8752	10624	11373	12056	12975	13895	14593
245	1198	2230	3042	3893	4703	5378	5887	6681	8134	8760	10626	11375	12058	12977	13897	14595
246	1205	2238	3050	3901	4711	5386	5895	6689	8142	8768	10628	11377	12060	12979	13899	14597
247	1212	2246	3058	3909	4719	5394	5903	6697	8150	8776	10630	11379	12062	12981	13901	14600
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254	1261	2302	3114	3965	4775	5450	5959	6753	8206	8832	10644	11393	12076	12995	13915	14614
255	1268	2310	3122	3973	4783	5458	5967	6761	8214	8840	10646	11395	12078	12997	13917	14616
256	1275	2318	3130	3981	4791	5466	5975	6769	8222	8848	10648	11397	12080	12999	13919	14618
257	1282	2326	3138	3989	4799	5474	5983	6777	8230	8856	10650	11399	12082	13001	13921	14620
258	1289	2334	3146	3997	4807	5482	5991	6785	8238	8864	10652	11401	12084	13003	13923	14622
259	1296	2342	3154	4005	4815	5490	5999	6793	8246	8872	10654	11403	12086	13005	13925	14624
260	1303	2350	3162	4013	4823	5498	6007	6801	8254	8880	10656	11405	12088	13007	13927	14626
261	1310	2358	3170	4021	4831	5506	6015	6809	8262	8888	10658	11407	12090	13009	13929	14628
262	1317	2366	3178	4029	4839	5514	6023	6817	8270	8896	10660	11409	12092	13011	13931	14630
263	1324	2374	3186	4037	4847	5522	6031	6825	8278	8904	10662	11411	12094	13013	13933	14632
264	1331	2382	3194	4045	4855	5530	6039	6833	8286	8912	10664	11413	12096	13015	13935	14634
265	1338	2390	3202	4053	4863	5538	6047	6841	8294	8920	10666	11415	12098	13017	13937	14636
266	1345	2398	3210	4061	4871	5546	6055	6849	8302	8928	10668	11417	12100	13019	13939	14638
267	1352	2406	3218	4069	4879	5554	6063	6857	8310	8936	10670	11419	12102	13021	13941	14640
268	1359	2414	3226	4077	4887	5562	6071	6865	8318	8944	10672	11421	12104	13023	13943	14642
269	1366	2422	3234	4085	4895	5570	6079	6873	8326	8952	10674	11423	12106	13025	13945	14644
270	1373	2430	3242	4093	4903	5578	6087	6881	8334	8960	10676	11425	12108	13027	13947	14646
271	1380	2438	3250	4101	4911	5586	6095	6889	8342	8968	10678	11427	12110	13029	13949	14648
272	1387	2446	3258	4109	4919	5594	6103	6897	8350	8976	10680	11429	12112	13031	13951	14650
273	1394	2454	3266	4117	4927	5602	6111	6905	8358	8984	10682	11431	12114	13033	13953	14652
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275	1408	2470	3282	4133	4943	5618	6127	6921	8374	9000	10686	11435	12118	13037	13957	14656

ANNOUNCING WORLD ACCOUNTING REPORT

EDITOR: MICHAEL LAFFERTY, A.C.A.,
OF THE FINANCIAL TIMES EDITORIAL STAFF

New standards, new practices, new problems... All the time, in nearly every country changes are taking place. The standard-setting bodies in the UK and US, and the trend towards harmonisation in Europe continually pose new and challenging problems to the international accounting profession.

The emergence of these realities has stimulated a number of important developments; the rapid growth of the international accounting firms, the creation of the International Accounting Standards Committee, the proposed formation of the International Federation of Accountants in New York, and now there is WORLD ACCOUNTING REPORT.

Each month, within a geographic framework, this vital new publication looks closely at how the following subjects have taken on fresh significance.

Accounting Standards.

Directly or indirectly, the development of national practices and standards are related, and sooner or later they will affect the accounting profession worldwide, as well as every multi-national company.

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Again, the basic rules governing the preparation of company accounts are laid down in the laws of most countries. The impact of changes, or ignorance of such laws, can be substantial.

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All the world's important stock exchanges have their own rules regarding disclosures required from listed companies.

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Like accounting standards, auditing

procedures vary considerably, and are now coming under greater scrutiny.

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BLOCK CAPITALS PLEASE

1/AR

U.S. paper companies need new profits from their forests. Lorne Barling reports

More bangs from the \$

THE AMERICAN business catch phrase of "getting more bang from your buck" is a neat simplification of widespread U.S. company policy in recent years — making the best use of resources and consequently raising profits in relation to capital employed.

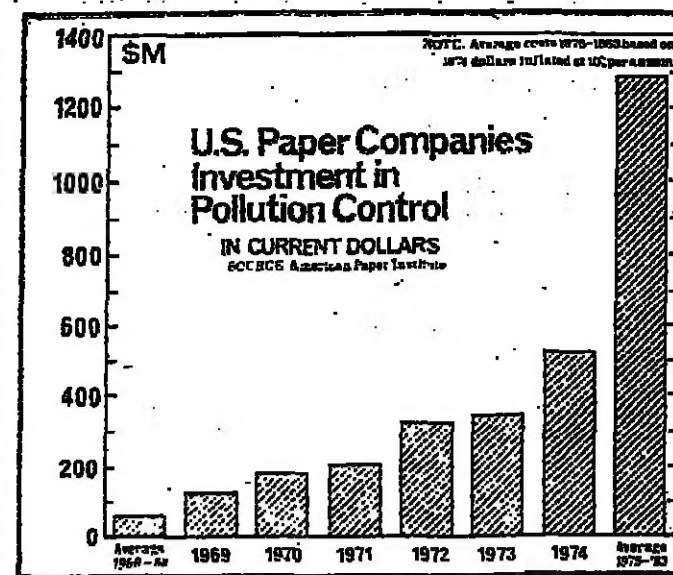
The U.S. paper industry, highly capital intensive and enormously rich in resources, has always resisted rapid change, but a series of unpredictable upsets in operating conditions has created fundamental re-thinking of company policies.

The major companies have emerged virtually unscathed from the recession but now have to face an intriguing medium-term problem created by higher energy costs, inflation and compulsory environmental controls. These three elements have produced some frightening projections about profitability (or lack of it) from investment in paper-making equipment, so the "bang from the buck" may have to come from other areas.

With demand in North America recovering at a rate which has surprised many companies, and the consequent rise in earnings expected to continue until at least mid-1977, the need to make a decision on such investment is paramount. A clue to their intentions is provided by the fairly recent fashion of describing themselves as "resource companies," which is by no means inaccurate. The International Paper Corporation is the largest private landowner in the U.S. with 8.5m. acres, while Bowater owns and leases 8.25m. acres in North America which is about the combined area of the states of Massachusetts and Connecticut.

Until recently these lands have been used almost exclusively for the growing of timber and the production of pulp and paper, and have provided security against the huge investments in mills and new technology. I.P., with shareholders' funds worth \$1.5bn., invested \$461m. in capital expansion and improvements last year. Of this nearly \$100m. went on expanding its forest acreage.

Slightly more than \$300m. is being spent on upgrading existing production facilities, primarily in Maine and Texas, but the increase in expenditure in this area is seen more as a means of maintaining capacity and ensuring future needs, her has remained high in spite of the recent slump in demand. Another leading company, Weyerhaeuser, has seen the projected cost of a new mill in Alabama rise from \$250m. to around \$400m. in just over a year.



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One apparent shift in policy, in view of these problems, has been to invest more in controlling costs and boosting profitability, rather than attempt to increase market share. This has inevitably led to a closer examination of ways in which forest lands can be used more profitably, although most companies have moved cautiously. The most significant event recently was I.P.'s acquisition of General Crude Oil as a step towards developing hydrocarbons and minerals beneath its lands. In addition, General Crude is also a leading rice producer, whose agronomy experience may prove useful in future.

Diverse

St. Regis, which is more diverse and international than many of its competitors, with 42 per cent. of its net sales coming from packaging and converting products, is equally aware of the need to make the most of its assets, spending nearly \$19m. last year on expansion and reforestation. Its profits from oil and gas operations rose by 75 per cent. last year to nearly \$15m.

But the company faces the considerable disadvantage of being unable to meet its timber demands from its own lands and faces high costs from other sources, where the price of timber has remained high in spite of the recent slump in demand of the recent slump in demand. Another leading company, Weyerhaeuser, has seen the projected cost of a new mill in Alabama rise from \$250m. to around \$400m. in just over a year.

This problem is now being closely examined by the American Paper Institute in an effort to determine its long-term effects and a new study concludes that 25 per cent. of available funds were spent in the five years to 1973 on preventing pollution.

It also suggests that this diversion of investment contributed to the shortage of paper and board products and rapid increases in price during 1973 and 1974, which were also experienced in Europe and the rest of the world. In the U.S., prices increased by an average of nearly 40 per cent. between 1972 and 1974, the study points out.

It is also suggested that these measures prevented the addition of 4m. tons of new capacity during 1973 and contributed to the high rate of mill closures which reduced capacity during that year by about 7m. tons overall. But that appears to be only the beginning of the problem, with horrendous capital shortfalls predicted up to 1985.

The study is based on projecting demand and consumption rates based on historical data, a method which has not always proved reliable, but it nevertheless concludes that the U.S. industry will be short of \$16.7bn. for investment between 1975 and 1984. As a result of this shortfall, the study shows that shortages will be experienced in 1978 and 1979 and that prices could rise by 82 per cent. by 1983 if inflation is included. Two methods of meeting this crisis are suggested: stretching spending on anti-pollution measures or a massive increase in imports.

This alarming scenario is not unlike predictions for the world paper industry, but does not apparently take into account either the flexibility of supply in relation to demand, particularly in the U.S., or emerging technology, itself the subject of a recent industry study. This document concludes, in rather imprecise terms, that paper manufacturing is likely to be revolutionised in coming years. Most significant is the effect this would have on current systems and equipment, perhaps reducing their "economic useful life" very significantly.

What is clear, however, is that the life expectancy of investment will probably shorten with interest rates unlikely to drop significantly for the foreseeable future, the traditional thinking that large integrated capital resources

Negated

The energy problem industry, which is at large industrial for the U.S., have also been and cannot be divorced from energy saving. It is estimated that energy saving alone have been virtually an increased power requirement. Technically, it is possible to construct a self-sufficient forest waste but the investment is enormous and is as yet another blind.

The nature of these in the U.S. is that it panies concerned natural land resources diversified sufficiently have the strength to them although they go some fundamental doing so. The implications of the industry in Europe are also being examined, although Scandinavia has the same degree of environmental pressures as the U.S.

In the short-term, it is demand in the U.S. to outstrip that of Europe, raising the potential for increased exports the incentives to invest capacity in Europe come even more from the U.S. As one company put it, no any desire to survive to invest millions of new equipment who only marginally inflexible in the technology and a but capital resources.

Lovell

Every day
the week
something
and beautiful
leaves London

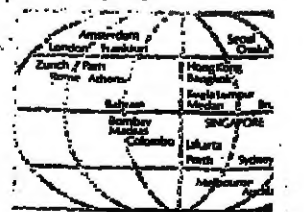
Every day of the week
Boeing 747B of Singapore
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Airlines jumbos connect
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Middle East, Far East
and Australia.

No less than eighteen
cabin crew on every jumb
the kind of service even o
airlines talk about.

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stereo, all the comforts yo
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Electricians' leader calls for unanimity

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was western area manager, Banque Internationale pour le Commerce et l'Industrie du Cameroun, United Republic of Cameroun, has become managing

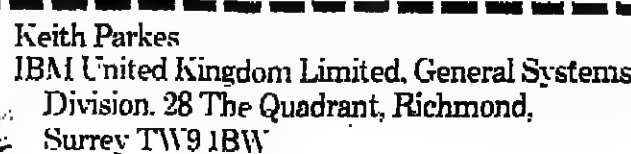
Current affairs journalists at BBC in union row

Social contract and pay curbs 'achieved opposite of aims'

Leyland men return

Computers too complicated?

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LEGAL NOTICES

No. 10137 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court
In the Matter of TRIFORM PLASTICS
LIMITED and in the Matter of The
Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding Up of the above-named Company, by the High Court of Justice was on the 21st day of April 1976 presented to the said Court by CONVEYER POAM LIMITED whose registered office, situate at Castle Chambers, Castle Street, Liverpool L2 2AB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 24th day of May 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 24th day of May 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 24th day of May 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 24th day of May 1976.

DAVID B. OPPENHEIMER,
Solicitor for the Petitioner,
20 Colindale Avenue,
London NW9 1JL

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or of a firm, the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than four o'clock in the afternoon of the 21st day of May 1976.

No. 10141 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court
In the Matter of MAYFAIR DIAMOND
INVESTORS MANUFACTURERS
LIMITED and in the Matter of The
Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding Up of the above-named Company, by the High Court of Justice was on the 28th day of April 1976 presented to the said Court by PRIDIE BREWSTER & GOLD of 21, Curlew Court, Curlew Lane, London W14 9JL, Chartered Accountants, creditors of the above-named Company and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of June 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 16th day of June 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 16th day of June 1976.

DAVID B. OPPENHEIMER,
Solicitor for the Petitioner,
20 Colindale Avenue,
London NW9 1JL

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or of a firm, the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than four o'clock in the afternoon of the 13th day of June 1976.

No. 10142 of 1976
In the HIGH COURT OF JUSTICE
Chancery Division Companies Court
In the Matter of WORLDWIDE ARTISTS
MANAGEMENT LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding Up of the above-named Company, by the High Court of Justice was on the 28th day of April 1976 presented to the said Court by TREVORE SLOAN & LIGHTING SERVICES LIMITED whose registered office is situate at 10, Queen's Terrace, St. James's, London W1J 8BA, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of June 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 16th day of June 1976, and any creditor or contributory of the said Company desiring to appear at the hearing of the said Petition must appear at the hearing of the said Petition on the 16th day of June 1976.

DAVID B. OPPENHEIMER,
Solicitor for the Petitioner,
20 Colindale Avenue,
London NW9 1JL

NOTICE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or of a firm, the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named notice not later than four o'clock in the afternoon of the 13th day of June 1976.

DAVID B. OPPENHEIMER,
Solicitor for the Petitioner,
20 Colindale Avenue,
London NW9 1JL

NOTICE OF ANNUAL GENERAL MEETING
DISCOUNT BANKING INVESTMENT
CORPORATION LTD.
16, Broad Street, London W1C 1JL

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of the above-named Company will be held at the registered office of the Company at 16, Broad Street, London W1C 1JL, on the 25th May, 1976, at 9.00 a.m.

1. To consider and approve the Balance Sheet, Profit and Loss Account and the Report of the Directors and Auditors for the year ended 31st December 1975 and to declare a dividend of 10 pence per share.

2. To elect Mr. Daniel Keanani as a Director.

3. To elect Mr. Moses Bernard Gitter as a Director.

4. To elect Mr. Dan Tolkowsky as a Director.

5. To elect Mr. Shalom Lohat as a Director.

6. To elect Mr. Abraham Madsen as a Director.

7. To elect Mr. Albert Levinson as a Director.

8. To elect Mr. Hermann Merin as a Director.

9. To elect Mr. Joseph Meyers as a Director.

10. To elect Mr. Rachel Keanani as a Director.

11. To elect Mr. Dov Tadmor as a Director.

12. To elect Mr. Daniel Keanani as a Director.

13. To elect Mr. Daniel Keanani as a Director.

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36. To elect Mr. Daniel Keanani as a Director.

37. To elect Mr. Daniel Keanani as a Director.

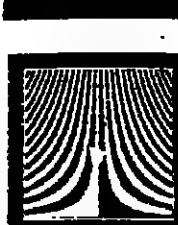
38. To elect Mr. Daniel Keanani as a Director.

39. To elect Mr. Daniel Keanani as a Director.

40. To elect Mr. Daniel Keanani as a Director.

41. To elect Mr. Daniel Keanani as a Director.

42. To elect Mr. Daniel Keanani as a Director.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHROEDERS

ENERGY

Useful power taken from the wind

DESPITE the cold water poured on wind power prospects by the Central Electricity Generating Board, work in Britain continues to progress, fostered by NRDC and the Science Research Council and encouraged by U.S. expectations that by the end of the century as much as 10 per cent of that nation's energy needs will be met by wind power.

Some weeks ago, NRDC announced a method of deriving heat direct from wind power without the need to go through an electric power generation stage. Now, at Southampton University, patents are being taken out on a windmill type which offers marked advantages over others in its category—that of the vertical axis H-type aerofoil.

The Reading team, led by Dr. Peter Musgrove, claims that its engineering ideas are superior to those of a similar Canadian group whose design is being put to the test at the moment through the construction of a 150-foot-high 200-kW unit on Isle Wight in the Gulf of St. Lawrence. For this design type, it has been claimed that construction costs will be only one-quarter those of conventional horizontal axis windmills, however advanced the latter's aerofoil.

Advantages claimed by Reading are that in its design the blades are simple instead of following an extremely complex egg-whisk-like curve, called a troposkien, and obtained by rotating a rope about a vertical axis. The Canadians chose this shape to counteract bending stresses.

But this, the U.K. centre contends, does not solve the complete problem since in high winds shut-down may be necessary unless the addition of air brakes can cut down excessive stresses.

A distinct advantage of the British design of Variable Geometry Windmill is that, as the blades are hinged to the cross-arm, they can incline outwards as rotational speeds increase with the wind being attached to springs. This tends to limit blade stresses and, in

fact, in very strong winds, the stresses have actually been proved to decrease. Guyed tower heights are lower than in the Canadian design, by extrapolation from the existing 10-foot diameter prototype at Reading. Both have the advantage over conventional designs that they can be built on slender towers since they do not need to be oriented into the wind. Efficiency is at least equal to that of the horizontal axis type and a great deal of interest will attach to the operation of the big Canadian prototype and the further work at Reading under the Science Research Council grant.

Ventilated bus-bar system

WHAT is described by Tube Investments as the "near monopoly" of Continental manufacture in the supply of standard production ventilated bus-bar systems will be broken by the introduction by Simplex Power Centre, a subsidiary of product ranges for 500 and 1,000 amps.

Bars, trunking and fittings are available and it is claimed that the new system allows relatively fast and simple installation and easier tap-off than types currently available.

In each length the bars are rough with the end of the coding allowing simultaneous coupling using a one-piece coupling assembly made from glass-filled polyester DMC with plated copper flash-plates and spring dished washers. The coupler is simply placed over the ends of the bars and a single bolt tightened up. Trunk bodies are joined using eight bolts screwed into captive nuts. The bars have a tough plastic finish.

Tap-off points are at 400 mm intervals and can accommodate fuse boxes with ratings from 30 to 200 amps. More from P.O. Box 18, Runcorn, Wirrshire, WS10 0QF (021-658 1260).

INSTRUMENTS
Detector of cracks in metals

TELEDECTOR, Groveland Road, Tipton, West Midlands, has a small edition of portable magnetic particle crack detector for locating surface or immediate sub-surface cracks in ferrous materials.

Type 1010 has a 600 amp AC power supply which is switchable from "off" through 1, 2 and 3 full output. It is supplied as standard equipment, the pulse operation which is an integral part of the handle. Connection to mains supply is by means of a standard electrical plug, and to the testing head by removable cables from recessed contacts at one side of the equipment.

The control panel is mounted into a case which has a separate pocket for housing cables, contact probes, clamps and link supply when not in use. Teledecor, Groveland Road, Tipton, Staffs. (021-587 3066).

SAFETY

Cable will resist fire

OFFERING a high standard of performance and reliability even under fire conditions is FP 200 cable now available from Aberdeen Cables, a Pirelli General company.

FP 200 has passed the requirements of the IEC 331 test, in which the cores must be able to carry the working voltage for three hours while the cable is in a flame temperature of 800 deg. C.

Silicone rubber is used for the conducting cores, of which there can be from two to 19. They are contained in a composite sheath of PVC-coated aluminium strip which bonds to the hard grade PVC outer strip during the extrusion process. This construction gives the cable fire resistance, flame retardance, surge resistance, moisture resistance and non-ageing insulation.

Available for voltages up to 800/1,000, the cable will have particular use for safety circuits in hotels, theatres, cinemas, schools, hospitals, offices and public buildings. Installation techniques are exactly the same as for conventional wiring cables. More from the company at P.O. Box 1, Aberdeen, Mid Glamorgan (068558 2146).

HANDLING

Packs the waste at speed

CAPABLE of handling up to 3 cubic metres of unsegregated refuse per minute, a waste com-

paction system has been launched by Anchorpac, Bell Lane, Amersham, Bucks. (02940 3581), which claims it has a 95 per cent higher throughput capacity than other machines of its size.

Designated the P-820/S, the system has a thrust of 22 tonnes and depending on the materials handled has a compression ratio of about 6 to 1, on unsegregated refuse. The waste is packed into sealed containers. Charge box capacity is 1.6 cubic metres.

Two versions are available—one with a 61-second cycle time for applications where waste generation is not continuous, the other with a 32-second cycle to serve a transfer station dealing with waste on a continuous basis.

Getting all shook up

SIX FLASKS simultaneously can be handled on a wrist-action shaker introduced by Townson and Mercer, Reddington Lane, Croydon, CR9 4EG (01-884 4262). Maximum flask size is 500 ml. (with not more than 250 ml. fluid in each), and the oscillations can be electronically adjusted between 150 and 500 movements/minute. The unit is driven by a 100 W electric motor. It weighs 11.5 kg, and is mounted on four rubber suction feet for stability on the bench and to reduce operating noise.

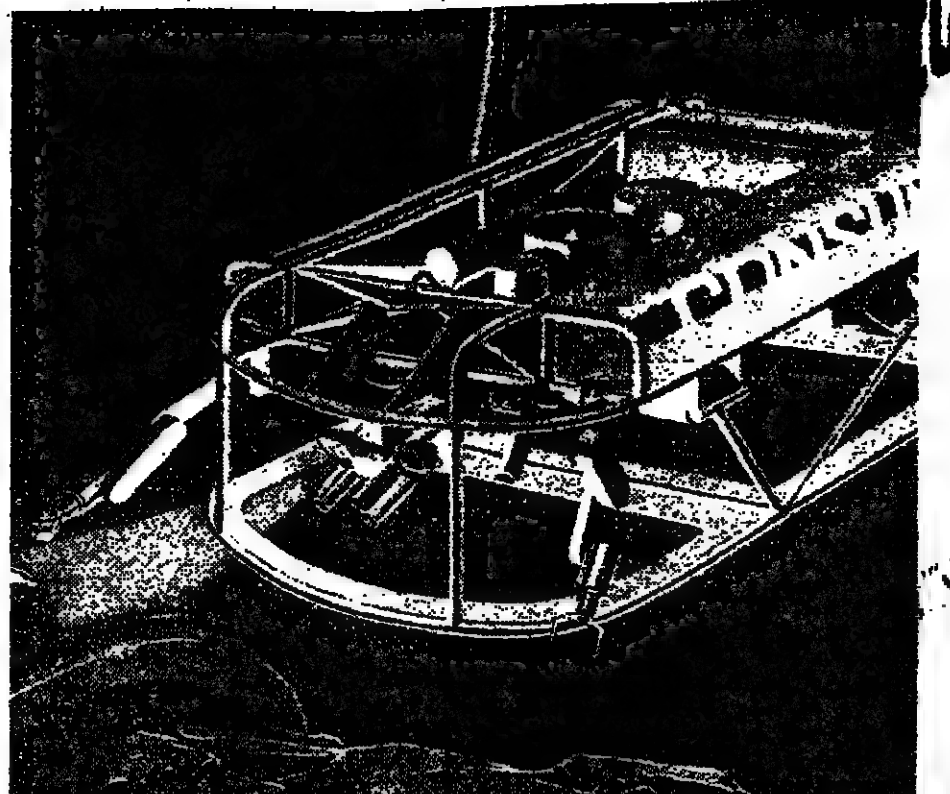
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LAIN

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BUILDING,
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ENGINEER



BAC is to build a more powerful version of its CONSUB unmanned submersible, CONSUB 2 (above) will cover a greater area of seabed than its predecessor. It will be available for sale and delivery in 1977 following winter proving trials. Less expensive than manned submersibles as versatile than "single task" units, it will perform many tasks at present taken by divers, working from a su to a depth of 600 metres (2,000 ft) currents of up to 2 knots.

For flexible time digit display is normally showing a card insertion makes show the employee's card or credit. More from checker. The smallest of these Road, Twyford, B is only four inches across and is 340416.

COMPUTING

Card for many uses

INTRODUCED into the U.K. from Switzerland by Borer Electronics is an employee card system that can be used for security, cost control, access restriction, flexible working hours and time accounting.

The usual credit card size of card is employed and the company is at this stage unwilling to reveal the nature of the coding apart from the fact that it is erasable, non-magnetic, non-codes known only to personnel.

For flexible time digit display is normally showing a card insertion makes show the employee's card or credit. More from checker. The smallest of these Road, Twyford, B is only four inches across and is 340416.

IN BRIEF

● Distributor of metal cutting saws and precision measuring instruments. Alexander S. Newall Machine Tool Company, 10, City Road, London, has installed a Logabar 2800 to handle invoices, sales ledgers and credit control, for the same day despatch of up to 1,000 items from stocks of more than 10,000 product lines. It provides daily and monthly reports on which stock control and bonus scheme payments are based. The purchase ledger will shortly be added. (01-485 0061.)

● First user of "Pensad," a computerised pensions administration scheme developed by GMS Computing of Sheffield in Johnson and Firth Brown (Trustees). Pensad is producing staff pensions records on microfilm so that any member's records can be retrieved in seconds. (01-484 4006.)

● A package to enable banks to offer a complete investment management service to private

and corporate clients is to be developed by CMG City of London under the name "Secure." Designed in conjunction with a number of international banks it relies on experience built up by CMG in developing investment portfolios management systems for pension funds and insurance companies. CMG on 01-481 3381.

● Varian announces a further software package compatible with the Total database management system. "Pronto" provides an on-line multi-access facility for Total. (01-437 6298.)

● Anderson Jacobson has a high speed intelligent printer terminal which can handle graphics as well as text. Model 532 has its own microprocessor, wide carriage daisy wheel printer and typewriter keyboard as well as 256 character line buffer. Data communication rates range from 10 to 30 cps. Walton-on-Thames 44439.

● Intec's new desk-top COM reader/printer will produce a copy every four seconds on A4

or A5 paper from a format. It has a run for all COM required for very simply insert placement lamp. It makes positive print positive or negative (03755 4370).

● An anticipated, IB: a number of improve bank equipment and finance communication particularly to the which are being given vision of more cap files and 56,000 ch user-programmable s together with floppy d design permitting ap six to nine times hitherto. (01-835 6600)

● Warren Point is bureau service on l des, teletypes, VDU on-line peripherals. full software design services are being ma for DEC and other eq (043871 8055).

CORPORATION LOANS

INVEST IN LUTON

BOROUGH COUNCIL BONDS
12% MINIMUM £1,000

with interest for 10 years
Borough Treasurer, P.O. Box 100,
Luton, Beds. LU1 1JH.
Tel. 0582 31291.

GOURMET

CALLIPOLI RESTAURANT, on Old Road
Luton, LU1 1JH. Open every day for lunch
Dinner 7.30 onwards until 3.30. Cabaret
till midnight. Tel. 0582 31291.

CONTRACTS AND TENDERS

THE NEW BRUNSWICK
ELECTRIC POWER COMMISSION
527 KING STREET
FREDERICTON, NEW BRUNSWICK
CANADA

Point Lepreau Generating Station
Mechanical-Electrical Installations

NOTICE OF PROPOSED
TENDER CALL

It is the intention of The New Brunswick Electric Power Commission to call tenders on or about July 30, 1976 for Mechanical-Electrical Installations on their Point Lepreau generating station located near the City of Saint John on the Bay of Fundy.

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Tuesday May 4 1976

ELECTRONICS AND AUTOMATION

At a time of changing electronics technology European countries are in a position of unhealthy dependence on the U.S. Although Europe's innovative capacity is well known, it needs to be harnessed through greater co-operation. Licence agreements are not an adequate substitute.

Makers need clear policy

By Ted Schoeters

ALTHOUGH FINAL figures for the year are not available, it appears from the light-heartedness at the Department of Industry that the capital goods side of the electronics industry put up a remarkable showing in exports during 1975 and one which seems to have continued well into the present calendar year. But given the fact that U.K. electronic equipment is as good if not better than that of other countries, the picture would have otherwise been one of unmitigated disaster, especially with the pound so low.

The home market was virtually stagnant in most areas but the surplus of exports over imports at the end of 1975 is believed to have exceeded the previous year's favourable balance in electronic capital goods, other than computers, by many millions of pounds.

Computing equipment continues to be a problem for the sponsoring Ministry, with 1975 trade balances in the red to the extent of over £100m. It is understood that this compared with £135m. in the previous year and viewed in the most favourable light might possibly indicate a plateau if the decline in the value of sterling is taken into account.

Whatever the interpretation, it is still essential for Government to keep a close watch on the amount of real manufacturing taking place in Britain, particularly at a time of high unemployment. It is clear, and has been so for the past five years, that far too many plants have been set up in the U.K. They are almost "token presences" in which the work carried out gives minimal added value to the end-product.

Indeed, there is a very great danger, because of the continuing stagnation in computing equipment, that the new

objective of expertise in the later data processing technologies, involving advanced memories, microcomputers and the peripherals appropriate to these and to minicomputers, will be lost sight of by Government.

Understanding

The technology scene is changing very fast. Not to be left too far behind, GEC and Plessey have reached agreements with separate U.S. makers of microcomputers which will steepen their learning curve while giving the U.S. suppliers a faster entrée to applications.

Agreements reached between Motorola one the one hand and Computer Technology on the other, under which CTL provides a powerful engineering base and nationwide support for Motorola's microprocessors, can be viewed in the same light.

Meanwhile, because it has a better understanding of where data processing in its widest sense is going, Computer Analysts and Programmers have decided greatly to expand the support services for microprocessor users and would-be users announced towards the close of 1975.

CAP has taken current trends seriously enough to hive off a new software house called MicroSoft — the first in the EEC area entirely destined to provide support for microelectronics activities on the software side, whether they are designers, product assemblers, manufacturers or distributors. This new unit encompasses the Microprocessor Group which has carried out some important work for Government and industry in its few months of separate existence.

These jobs include advice to a big oil company on the use of instrumentation networks based on micros, developing an assembler for Plessey's "Miproc" studying the application of large scale integrated circuits for the Royal Aircraft Establishment with a view to flight simulation and examining the use of micros in navigation systems. The company intends to have in operation by the autumn an instrumented software development workshop for a variety of processors.

Significantly, CAP's explanations of why it became the first to set up such a service in Europe runs on the theme of the present almost total dependence of the European countries on the U.S. for devices such as the micros, although there is a smaller dependence in solid-state memories. To avoid a similar dependence on end-product imports means that Europe must develop its own local capability, CAP asserts.

This is all patently true. But the extent of the U.K.'s and for that matter Europe's dependence on imports has to be realised so that the efforts of people like CAP can be put into the proper perspective. Perhaps there is no better way of illustrating this than by referring to the recent census of computer populations in the U.K., compiled by Pedder Associates from DoI and other sources with the close co-operation of the National Computing Centre.

Passing quickly over the larger general purpose computers market where ICL leads, micros is so low that they are

just another component. This argument has been heard again and again, and by successively abandoning large areas of manufacturing expertise, European companies are making it impossible for themselves ever to catch up when such a breakthrough as the micro takes place.

Of course, it is often said that the agreements with successful manufacturers are only bridging arrangements to enable licence takers to catch up in the meantime. But this does not often take place outside, perhaps, Sweden.

Until the European countries are so closely knit that they can jointly undertake such projects as, for instance, the development of Josephson fast switching devices, as IBM is now doing with some assurance that it can be achieved but no clear indication as to when the devices can be expected to appear in user hardware, they will inevitably be subject to technical colonialism.

That there is in Europe the innovative capability good enough to heat the world is instanced every week. The most recent examples of this are provided by Racal through its agreement with Penril Corporation of the U.S. under which the American group will append its brand to Racal counter-timers and frequency meters, at the heart of which is U.K.-developed LSI chip technology.

There is also the announcement by Philips a few weeks ago of the world's first four-channel portable oscilloscope. There must be many more such developments before European Government agencies can begin to view with equanimity the constantly growing hold of U.S.-controlled companies on important areas of industrial technology. That multinationals who are selling more outside the U.S. than in the home market will eventually become "good Europeans" is a forlorn hope. The EEC must speak from a position of strength and this can only come from the knowledge that its industries are a match for those anywhere.

This is not at all encouraging even though it can be argued that the intrinsic value of the micro is so low that they are

where.

Process control advances slowly

ONLY A few years ago process control was seen by many experts as one of the brightest hopes of the computer industry. Forecasts abounded of rapid market development, and it was thought that process control could account for about 5 per cent of the world's installed base of computers by now.

In the event, the figure has turned out to be nearer 1 per cent. The positive reason for this is that business (or "general purpose") computing has developed faster than many people expected, but the negative side is that process control users have been slow to commit themselves to computers.

In the early years, much emphasis was placed on automating entire plants, in large process control installations. Reliability problems in some cases, plus the cost of providing traditional manual backup, as well as unforeseen software problems, have combined since the late '60s to shift the emphasis towards computerisation of parts of the plant (implying smaller installations) and/or towards systems which combine direct computer control with a high level of information output, enabling process operators to override and manipulate the controls in what has become generally known as a "supervisory" function.

Continuation

The last year has seen a continuation of these trends, accentuated by the investment recession in many industrial sectors. But the suppliers of process automation equipment have not been standing still. Advances in computer technology, together with a more aggressive approach by certain companies (especially GEC and Honeywell) have created more than a ripple among their competitors. If, as it appears, Honeywell has gained a lead of over a year with its new microprocessor-based, distributed control system called TDC 2000, then it could prompt many customers to re-think their approach to process control, and therefore upset the calculations of some of Honeywell's competitors.

Of all the established process computer companies, it is Ferranti which best illustrates the shift of much of the market towards supervisory systems, survey such as this than other

Logging, alarm analysis and displaying are examples of the facilities which are in demand. In what could be called "conventional" process control, the underlying market trend and the investment recession have resulted in Ferranti taking relatively few orders in the past year. On the control and supervisory side, it has received a welcome boost from the North Sea oil business, and—more surprisingly at first sight—from the electricity supply industry.

The generating Boards may be slashing back their investment programmes at central level, but the CEGS's regional Boards are currently automating the control of their parts of the distribution network.

At the same time, Ferranti and GEC are both broadening their market bases—the former by successfully entering the competition for city road traffic control, previously dominated by Plessey and GEC, the latter by moving into new areas of the steel industry with its new 4070-based system.

But the most significant change in the competitive situation is the re-emergence of Honeywell as a front-line challenger. It is not just Honeywell which considers that its TDC 2000 puts it ahead of the competition. The question is whether many potential customers in the fields at which it is initially aiming—mainly chemicals, petrochemicals and petroleum—can be educated sufficiently quickly to the advantages of an almost all-digital system, with distributed intelligence in the form of microprocessor controllers, in place of the traditional lay-out of a central intelligence, a process computer, with unintelligent analogue controllers.

Honeywell has so far revealed eight European orders, three of which fall outside its original target area since they are for pulp and paper mills. But an executive in one of the competing companies still claims that it may take till the end of the decade for distributed, microprocessor-based systems to become the rule rather than the exception.

The fact that the Honeywell system is the first of its kind, and that its competitors are looking particularly closely at its specifications, means that it merits fuller treatment in a survey such as this than other

individual products. Although it can be used with a mini-computer at the centre, basically in order to raise the level of supervisory output, its attraction is in its simplicity—in terms of both installation and software.

Honeywell claims that the cost savings on a large system could be over £500,000. Since this approaches the top price it has quoted for the TDC 2000, it is claiming by implication that it could cut by over a quarter a customer's capital costs, compared with a conventional system. On smaller systems, the savings would be less, since they mainly accrue in savings on the purchase and installation of miles of wiring. This is dispensed with by use of a digital data highway (a concept also adopted by GEC with its MEDIA system). The other most significant saving is on central control room space. Honeywell has not yet attached a figure to operating savings, but these could arise if, as it claims, TDC's digital diagnostics keep downtime to a minimum.

Advantages

The modularity of the system's constituent parts, and the fact that the controllers can be programmed at the last minute, offer advantages in the initial installation phase. The use of distributed microprocessors, each controlling one small section of the process, also means that process development as the years go by does not require the replacement of hardware.

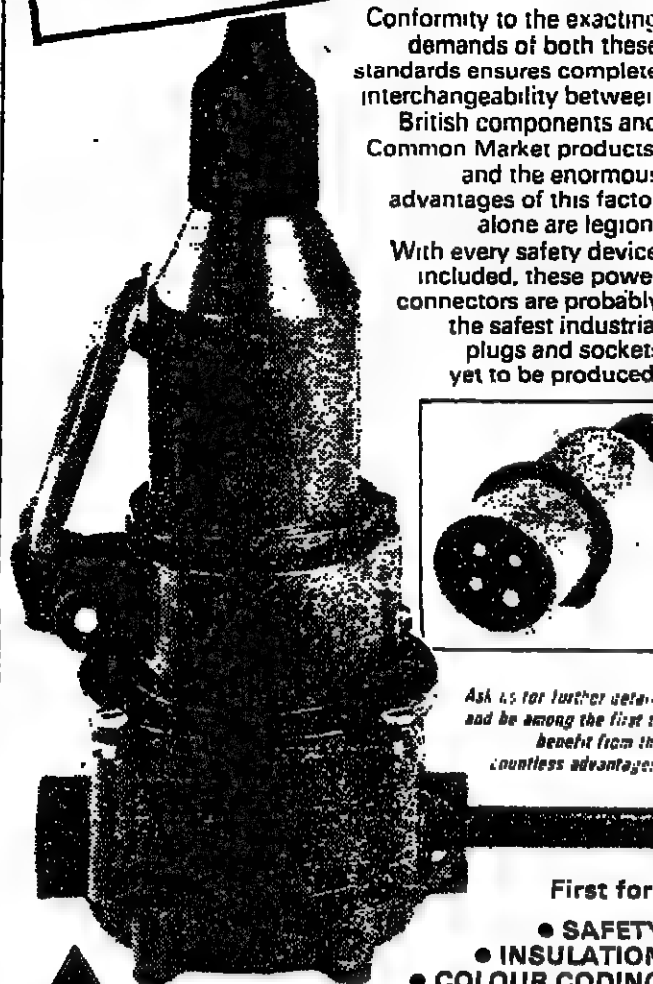
Although the initial announcement claimed that TDC 2000 could control "any industrial process, regardless of size or sophistication," Honeywell admits it will not be used for the smallest schemes. In some cases, as few as 30 loops will justify it, according to the company, but in others only a larger system will be justifiable—the exact point depending upon the complexity of the control strategy, the required degree of flexibility, the anticipated amount of expansion, and the layout of the site. A basic control package is listed at £7,500.

The history of process control suggests that it will be a good year after on-site operation at several customer sites before the full range of any snags is appreciated — by Honeywell's competitors, at any rate.

Christopher Lorenz

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ELECTRONICS AND AUTOMATION II

Designers seek computer aids

TWO TECHNOLOGIES are working towards each other. The first is graphics, the second is automation of design and production. Theoretically, the gap can be bridged now, but only by the spending of more money than could possibly be justified, on any real project, even a military one.

Eventually, go the dreams, designers will sit down at a CRT terminal, which is connected to a warehouse and factory. Working with (already existing) computer software for graphics, a design for anything from a motor torpedo boat to a mechanical excavator, a delicate medical instrument will be produced.

And while the light pen traces on the video tube, the computer will analyse the size, scale, stress, and other material requirements (software of this sort exists), and relate it to the materials database, the work schedules, and the machine room.

Purchasing decisions, shop-floor layout, machine tool construction, chemical plant and on and on, all come out of the co-ordinating computer, feed themselves into the automation plant at warehouse and factory, and the product just "grows itself."

Forgetting the practicality or even the desirability of getting such a science-fiction nightmare running, the fact remains that many of the first steps that would be needed to start down the path of total design-to-production automation, have already been taken.

The vital limitation is that each particular step is inherently limited in its proposed scope. For example, the production of basic drawings for the average small, mechanical engineering company, involves mere accuracy in two dimensions. The idea of putting a pocket calculator on the tee-square is about as far as one would want to go in providing interaction between man and paper.

Even curved parts can be "automated" at the design stage by relatively simple CRT displays and support software. It is becoming easier to produce a part and then subject it to computer vibration analysis, than to design its stress levels theoretically in advance.

Lucas are a good example of this pragmatic approach, as the company is now working on vibration analysis of engines on to which its parts must fit, and then playing the vibrations back on to the parts to see how they stand it.

Shapes

But deciding the shape of the part in advance is not always obvious, as anyone will know who studied the design of the Concorde wing. It may be necessary to be equally "pragmatic" on initial design, by putting various trial shapes into wind tunnels, and analysing performance. But on aero-

design problems start outside the wind tunnel.

At a recent conference Mr. Peter Aughton of BAC in Bristol pointed out that defining in computer and digital terms the best shape of a part required very sophisticated computer analysis, because of the fine tolerances to which the manufactured part would have to conform.

As a guide to the resources consumed, BAC's Numerical Master Geometry design system has been put on to an IBM computer using a language called APT140 — the 140 implies that it will run in a partition of the 140 Kbytes. And BAC is very pleased with itself in reducing the figure to 140. On top of that, Mr. Aughton offered his estimate, that production of components of this complexity covered 5-10 per cent. of the component count only — but the bulk of the cost.

Finally, there is no computer peripheral to which, or into which, a wind-tunnel model can go for analysis. To operate NMG, you still need a skilled draftsman, and he is defined by Mr. Aughton as someone with enough "grasp of three-dimensional geometry to apply the correct holds when laying-down the original splines," which must be defined as representing the surface boundaries.

But it has all been done, despite the effort and the cost. And it goes further. Another company, Hawker Siddeley Aviation, is faced with a very similar set of problems, currently solved in a similar

fashion (with a big ICL 1906A computer) — but is now moving towards development of a mini-computer based "second-generation" design systems.

Mr. G. E. Bishop and Mr. Roger Killick of HSA told the conference that there were relatively few examples of "comprehensive but expensive interactive graphics systems driven by a large mainframe computer," and that such installations have tended to be limited to very specialised applications, or to pilot systems. Generally Europeans regard them as insufficiently cost effective.

Investment

This is despite the incredible amount of software investment inherent in some systems which represent the experience of the last ten years. One feature includes software which has taken approximately 200 man-years to develop and is available, say the HSA men, at a cost equivalent to 10 man-years. Unfortunately, "neither it nor any others reflect the full and sophisticated requirements" of HSA. By doing in-house software for mini-based systems, HSA expects to go one step further in the state-of-the-art, by providing more than just a drawing office tool.

As at BAC, the HSA system is designed to provide digital information for direct input to production control processors. But it is intended to use the single "geometry system" for areas outside design, graphics, and so on. Most important, this production and so on, and the areas aimed at are simulated wind tunnels, fluid motion cal-

culations, detailed stressing, and weights estimation. One look at the HSA application, however, is enough to show that it is still beyond the dreams of most engineering companies.

Most designers, when faced with a discussion on this level, tend to become impatient, and refer pointedly to the fact that the company's budget has been spent on (very essential) plotting equipment, leaving only a few hundreds of petty cash for assistance in preparing the input.

In this context, it becomes clear why Hewlett-Packard have spent the time and effort required to produce pocket programmable calculators — and why firms like Texas Instruments have followed. HP produces two pocket programmables, much in demand in design work, and Texas has recently followed suit with a pair of machines, which are very close in specification and price.

Both companies offer a wide range of software in the design field. HP provides some 25 programs developed for its HP65 programmable calculator by its own staff. They are aimed at structural engineers with routines such as vector statics, section properties, interference fits, stress analysis, flat-plates, beams and columns, and so on. Similar packages are available with electronic and electrical engineering applications, machine design, numerical control, and so on. Most important, this stock of HP produced software has already been supplemented by a users-group stockpile of

more than 1,000 user-generated programs, all submitted over the past two years.

It takes very little effort to foresee that the development for the next few years is likely to be between the minicomputers and the calculators. IBM has just climbed into this field with its 5100, Hewlett-Packard has its 2200 PCS, Olivetti its PC8060 — supposedly all are portable, calculators with VDUs and interactive languages. But the most significant contender must be Tektronix. This has always been the name to conjure with as far as graphics are concerned. Its terminals have been increasing in intelligence over the years, and the 4051 is not yet a year in the market.

But with interactive BASIC, often APL as well, plus the ability (actual or potential) to link with a main-frame computer, these machines must be the obvious area for electronic sales to designers. They are

powerful, personal tools price inside the budget of design rooms, and realistic applications potential.

If "realistic applications potential" sounds a trifle, it still seems a lot more to predict growth in than to talk about "omnivac" production (however theoretically through extrapolation).

After all, the "ca terminal" does bridge design-to-design gap, trying to pretend the intervention is unnecessary even undesirable. The biggest worry about apparent trend to total intervention must be the worst projects coming out of machine, instead of company, and of product design is almost too right.

Guy F

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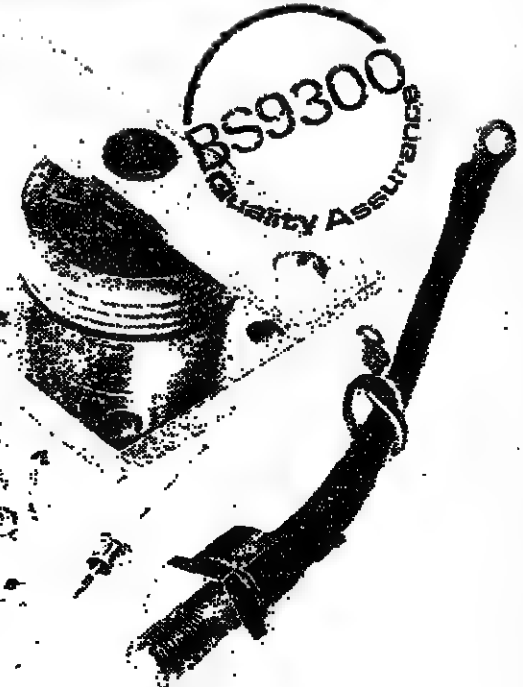
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Testing problem grows acutely

WHEN THE first attempts at particularly tight packaging of discrete components in various devices, mainly for the military, began to run into trouble and it was becoming clear to some that integrated circuits would become increasingly complex, a few leaders in the electronics industry, among them Dr. F. E. Jones, of Mullard, were saying that testing of these devices would ultimately become a major problem for manufacturers and users alike.

Now, when 4000 transistors on a circuit chip is commonplace and Intel is talking about the first real "computer on a single chip" — that is a device having computer logic, memory and input/output in the same integrated circuit — for some time this year, the testing problem is becoming much more acute than anyone ever foresaw.

This is the main reason for the growth of an industry largely devoted to manufacturing equipment which will easily adapt itself to the testing of a whole series of different devices, however complex, providing the maker or the assembler with a log of performance and, when required, an indication of where the basic process is failing.

The automatic test equipment (ATE) industry now represents a significant sector of the U.S. capital electronic goods market and while ATE once was virtually the sole preserve of the component makers, the sector has seen some rapid changes in technology, and other companies have emerged. Teradyne, a company set up solely to make and sell component and circuit testers for the electronics and telecommunications industries is one of these.

Leadership

Teradyne claims world leadership in the manufacture of semiconductor testers, second place in those for printed circuit boards and rapid growth towards leadership in consumer electronics test gear. Of course, the 1973 recession has played havoc with this area and the company has seen its earnings plummet to a four-year low of \$366,000 from the 1974 record of \$8.7m. With the U.S. recovery on the way and a European recovery confidently expected for the end of the year or early in 1977, this year's sales of ATE are likely to improve enough to provide a far better earnings figure, bearing in mind that something like 30 per cent. of its products go for export mainly to Japan and Europe.

In Europe, the leading manufacturer of test equipment is British-based Membrain, but several British companies have been involved in the development of complex device testing gear for years, aimed mainly at the military systems market. They include BAC and Mar-

coni as well as Hawker Siddeley. One competitor in the testing area whose reputation for high quality is giving it an enviable growth is Hewlett-Packard. This company has just designed a microprogrammed test unit for many types of integrated circuits which can easily be used by an unskilled operator yet has facilities normally available only on large computer-controlled test machines.

To test a device, all that is needed is the insertion of the appropriate pre-programmed magnetic card. A thermal printer will record detailed failure information where required.

Need for high reliability, particularly in expensive and complex equipment such as instruments and computer hardware has made mandatory standardisation in inspection, testing, quality assessment and handling prior to sale of electronic components.

The answer to this need, BS 9000, has been evolved over a period of time which can be measured from the two years 1963-65 when the Burghard Committee was first set up to devise common standards for active and passive components. A number of U.K. companies, prominent among them AEI at its Lincoln centre, helped to develop the system against considerable opposition from both Europe and the U.S., and it is now becoming an important factor in the U.K. electronics industry.

BS 9000 covers both military and non-military applications and it would be quite wrong to describe it as "just another military" and therefore expensive system," even though the Ministry of Defence stated on July 31 last year that it was Government policy to make the maximum practical use of the BS 9000 system for electronic components in order to encourage the growth of the scheme for the benefit of Government and industry.

As matters stand, equipment designed and developed for the military must make maximum practicable use of components coming under the system, the overall benefits of which are such that increases in prices of delivery times do not automatically rule out conforming components.

Preference is being given to such private venture and standard trade equipment presented against military requirements which makes the most use of BS 9000 components. Because of the importance, still, of the military budget, especially in electronics, this practice will undoubtedly have a considerable effect in the long run. It will result in the provision of reasonable cost of components whose ratings and characteristics are clearly and unambiguously stated and checked by continuous quality assessment tests, many of which are made before the devices can actually be sold.

Specifications are clear, concise and give precise data on mandatory electrical, environmental and life testing procedures. There are clearly defined sampling inspection levels and acceptable quality levels and the specifications, unlike many other systems, do not permit deviation. If a component does not meet the minimum standards, it fails and cannot be called a BS 9000 device.

Purchasers can buy BS-approved devices from stockists who have been given the appropriate approval and there is a system of independent approved test houses.

Assurance

For the manufacturer and the user of his products, the existence of the system means a far higher degree of quality assurance and confidence in the product containing the conforming components. The amount of checking at goods inwards is considerably reduced and the designer can operate with a far greater degree of assurance than with non-standard components.

But the system does not end here since, for the components producer, there is a clearly laid down pattern for the whole quality control operation with specifications for inspection and test facilities. Ability to meet the standards has to be shown to the satisfaction of an independent supervising inspectorate before the company can be listed as an approved supplier.

The British Standards Institute is deeply involved in the scheme and has published a component selection guide which lists all purchasing detail specifications against which approved components are available, listing all approved manufacturers, distributors and test laboratories. The manufacturer is subject to an ongoing requirement to publish the results of his quality control tests and to give extensive details for each component sold.

Conformity with the BS 9000 system does not mean that a producer or user automatically is put in a straitjacket that will make difficult acceptance of any pan-European system, such as that described as the Cenelec Electronics Component Committee (CECC) system. On the contrary, the familiarity with quality control and testing procedures acquired with BS 9000 will make the small changes to CECC of negligible importance.

The U.K. adoption of CECC is known as BS E 9000 and approval to BS 9000 will be acceptable within it. Only differences in the requirements between the two systems will have to be considered in granting approval to the European system.

This situation must undoubtedly contribute in the long run, to a growing together of European industry.

Ted Schoeters

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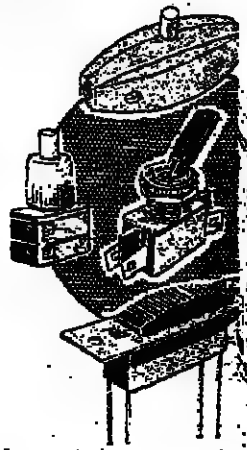
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ELECTRONICS AND AUTOMATION III

New fields to conquer

IT IS difficult to overstate today. However, the marketing significance of the success of the semiconductor industry, even though they are for the electronics industry, not short of imagination, are in general and for the semiconductor industry in particular. It has accelerated the search for perfection in the original electronic technologies from which it was derived. It has opened up within the industry a wealth of experience in new marketing techniques—a combination of the rather individual tactics devised by the industry in its entrepreneurial days of the 1960s and more traditional marketing skills.

However, the semiconductor industry represents the ultimate in mass production where the output of its products are measured by the tens of millions per week. It is an industry which shows off growth—a stimulus which, in spite of the boom in calculator sales, it has been denied to some extent in recent years. The calculator, then is not, by itself, enough to support the world's semiconductor industry and it must find new fields to conquer.

Already, after a somewhat slow start, success is in sight for the manufacturers of electronic time pieces and particularly wrist watches. In the main, the most successful are the vertically integrated semiconductor houses—those such as National Semiconductor and Fairchild—with the total capability to design and make the integrated circuits, the solid state or liquid crystal displays, to assemble them into an electronic module, to insert this in a well designed case, and then market the finished product either through traditional retail outlets or even direct to the consumer.

Others, though, are content to confine in their original role as suppliers of components to independent equipment manufacturers. Nevertheless, it will be the semiconductor industry that will to a very large degree determine the nature of the next device to become a mass seller. Most electronic design experts now stress with the semiconductor houses rather than equipment makers, certainly in the U.S. if not in Europe.

Although the precise nature of each of the new wave of consumer electronic products is a commercial secret, jealously guarded by its eventual promoter, it is possible to speculate. Technically, virtually anything is just about possible

located computer controlled information store.

Of these the first appears to have attracted the attentions of the set makers themselves, the second has the appearance of being the most successful in the short term, and the last is still really only viable in the minds of its originators, the organisations responsible for the generation or transmission of information which the screen could be used to display.

It is then the second of these "TV Add-on" categories—for graphical information—which has aroused the interest and involvement of the semiconductor industry. Ultimately, it alone has the power to make the required electronic circuitry cheaply enough, and it is mostly interested in products which allow the TV screen to become a games board—the "Video-game" in fact.

In the U.S.A. the video-game industry has about 17 companies which have announced that they are making, or will make, games. Most are expected to show their wares publicly for the first time at the forthcoming Consumer Electronics Exhibition in Chicago. However, it seems that the majority of companies attracted to this business so far are of the small, low investment, type.

But, like the calculator, the video-game is likely to be a product where ultimately a single semiconductor device may be the most important single component. It is predicted that the semiconductor giants will soon become directly involved. Indeed, Fairchild has recently taken over or signed licence and marketing agreements with two companies who have expertise in this area. National is reported to be not far behind, while General Instruments, Akl and Texas Instruments are already producing specially designed games integrated circuits for equipment makers.

This market, although apparently attractive and in many ways easier to approach than either the calculator or digital watch businesses, has pitfalls not before encountered. For example, there is the technical problem involved in the method used to carry the signal from the video-game to the TV set. Currently access to the TV set is via its aerial socket. This age of video signals is the video-game emergence of a company called Digital Recording Corporation. Based in Scarborough, New

York, DRC has devised and patented a technique for recording 30 minutes of full colour TV programme on a flat card measuring 5 inches by 7 inches. The machine itself makes use of digital circuitry very similar to that used in calculators, and very simple low precision mechanical and optical components. Estimated manufacturing cost of a consumer version of the record player is around \$120, with the record itself costing less than 25 cents to manufacture.

This type of machine is likely to be representative of the next-but-one consumer electronics product, after the video games business has stabilised. By that time—say, three to five years from now—there will be indications that the TV receiver itself will undergo a drastic revision. The development that will trigger revision will be the long awaited flat replacement for the bulky cathode ray tube. Already there are signs that the achievement of such a device is within grasp. Significantly, though, it is companies such as Hughes Aircraft, Westinghouse Electric and Texas Instruments that are nearest to the objective and which are most likely to seize the initiative in the design of low-cost, multi-function and, probably, pocketable, TV sets that the flat screen will allow. The existing TV companies have too many millions invested in the production of tubes.

The idea of the flat screen being so near should not be lightly dismissed. Westinghouse Electric intends to commence production of a flat solid state display panel within the next 18 months and promises prototypes by mid-1977. Although designed for the display of alpha-numeric and graphic data, the panel in question is based on a developed device with 12,000 picture elements, which measures 6 inches square and which can display monochrome half-tone pictures.

It is just possible that their approach to the storage and reproduction of images—based either on the video cassette or on the video-disc—will not in the end represent the most cost effective and attractive methods, being too largely dependent on linear developments of older technologies originally developed for audio recording.

The first sign of a better way to achieve the permanent storage of video signals is the emergence of a company called Digital Recording Corporation. Based in Scarborough, New

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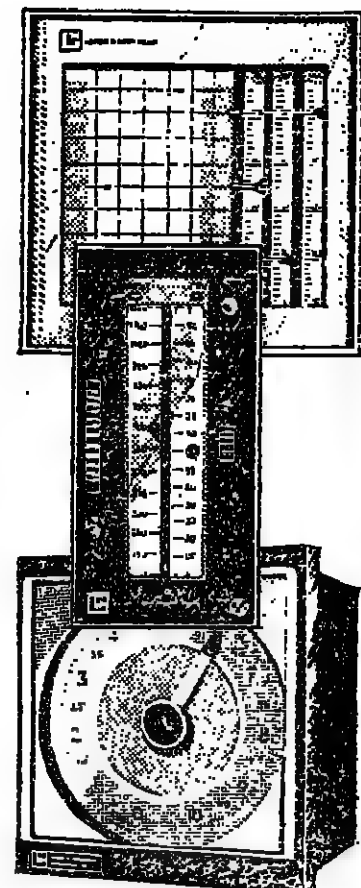
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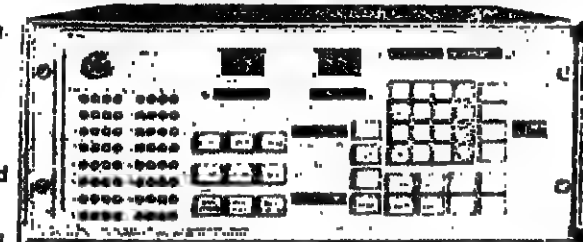
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Robots are coming

ALTHOUGH THE profitable stories has been a nasty shock for IBM. In contrast, some U.K. manufacture of general robots many engineers who had pre-university centres regard it as a straight-forward extension of past robotics studies.

IBM is fairly typical of the newest efforts in robot-like devices. Its effort is aimed at the complexities of assembly work. This type of work frequently creates physical stress symptoms in workers as well as problems in controlling the quality of new designs.

The European subsidiaries of the U.S. based firms in industrial robots—Unimate and Versatran—are particularly skilled at adapting products to the maintenance skills available in European plants which are different from those in the U.S. In addition, the Swedes with ASEA and Electrolux making automation and robot products claim that their designs have been refined to match the most severe environments. In the U.K. Hall Automation of Watford insist that its staff's combined 100 years' experience in installing robots and automation units is one of the key factors in the success of the company.

But a notable third stream of technology comes from the combination of computer science and general computer automation. The definition of a robot is now thoroughly blurred. Like sensor's response as it by this particular development experience. For what is one to make of a control system for navigating driverless trucks round a warehouse from a computer-based signalling system?

The special virtue of computer experience in applying automation to industry lies in its ability to deal with a multitude of alternatives and conditional responses. For instance, the standard robot used for welding on a car assembly line tends to go on trying to weld air if the flow of bodies is held up for any reason.

This static and rigid use of automation is no longer necessary and is transforming the fields where robot-like products could help industry. Research is going on in a number of European and U.S. centres to pull all these streams of technological advances together to improve the working conditions of plant workers, while achieving large gains in sheer productivity as an incentive for investment in the new super-robots.

Interestingly, the head of IBM's Automation Research, Mr. Peter Willis, disclaims any stance in robotics research and insists that it is purely automation that is under study in the highly modular products.

Part of the new modularity

derives from a more varied set of ways to "teach" robots what actions to carry out. The most well tried way involves a simple system of playing back from magnetic tape a set of movements carried out in the first place by direct manual functions via the robot "arms."

This is fine for broad brush industrial actions but is less satisfactory for detailed adjustments and precision tasks. These may now be set up through based functions using three-dimensional geometry descriptions where they can be expressed soundly.

This approach makes for a wide range of alternative sequences either at a single work station or at a series of stations which may be grouped differently for different product batches. This tends to remove one of the great restrictions on the use of early robots which only fitted really big volume lines of production, such as car assembly plants.

There are still many problem areas to be attacked through the use of more computing power and cheaper storage in electronic form. The ability of sensors fitted to robot arms is still unsatisfactory for assessing the quality of a continuous weld, for instance, and this leaves a lot of work to be done in inspecting groups. Few robots combine activity arms with quality checking devices on the work carried out in a conveniently organised station series for existing plants.

This is one reason why Mr. Douglas Hall, of Hall Automation, insists that general automation is a better set of abilities to market rather than simply finding ways of using any particular design of robot. Some of the plant installations his firm has carried out are pure automation rather than a development of robotics. In particular Mr. Hall cites lower costs for production system changes as the main motivation behind their installations.

The U.K. is fortunate in combining good general automation experience with specific industrial knowledge of robots in plant conditions. In addition the computing service industry is prepared to help in product development.

Hedley Voysey

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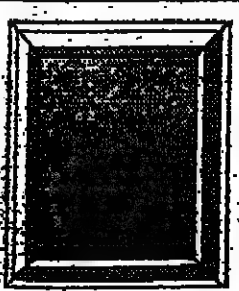
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How the Pill is transforming Britain

THERE IS, of course, another field that is remarkable for its consistency: they have always been wrong. In 1955, when the population of the United Kingdom stood at around 51m., the official projection suggested that the total at the end of the century would be under 53m. A decade later, when we already numbered more than 55m., it was forecast that the population would shoot up at an unprecedented pace, reaching 75m. or so by the year 2000.

Fistful

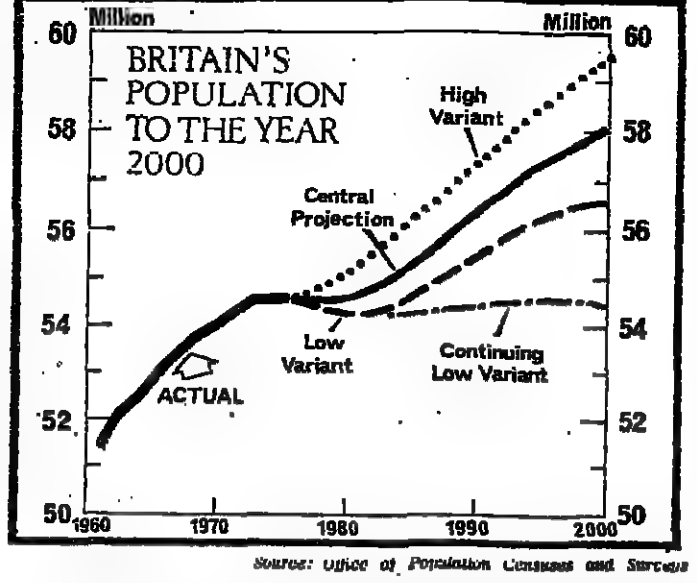
The present population of Great Britain is about 54.4m., and the latest projections are radically different from those offered in earlier years. To its credit the OPCS now offers a fistful of curves: as the graph shows, the current view is that the total count a quarter of a century from now could be anything between a ceiling of 58m. and a floor of 54m. It would be foolhardy to take either the floor or the ceiling as absolutely firm, but a betting man might accept that a census taken in, say, 2001, will more likely than not result in a figure somewhere between the two extremes.

If you have to be sceptical about population projections, it may be asked, why should the forecasts by Mr. Davis be taken seriously? The answer is that there are two kinds of projection. The one is firm, for it is based upon what has happened in the past. We can be fairly certain even to-day about how many people aged 75 or over will be alive, were permitting, in the year 2051. The uncertainty becomes overwhelming when they try to guess future birth rates; so far it has proved devilishly difficult to forecast

how many people will decide to have babies before the people themselves have taken the decision.

Now Mr. Davis's calculations about the age structure of the population over the next quarter of a century are very largely based on what has already happened. In 1931 there were fewer than 40 people over the usual retirement ages for every 100 under the age of 15, the equivalent figure to-day is about 70. The reason is that the birth rate was very high indeed at the turn of the century, when births were running at over 1m. a year as compared to under 700,000 now.

In the early 1980s, however, the population over retirement age will be increasingly derived from those born in the interwar years, when birth rates were very low. And so there will be fewer pensioners; at the same time the children born during our immediate post-war baby boom—which coincided almost exactly with the famous 13 years of Tory rule and came to an abrupt halt in 1964—will themselves be having children, so that the absolute number of births should then increase unless the number of children per family falls below its present historically low level. (Our current birth rate is uncannily close to the troughs reached during the Great Depression.)



makes the total number of dependents (under-15s plus pensioners) far lower relative to the working population.

If such arithmetic is to be used for working out important policies—for example, public spending plans over the next five or ten years—it must be refined and presented in greater detail. Mr. Davis does this in a paper presented to a recent symposium at the Centre for Studies in Social Policy. For instance, it may be a relief to know that the number of men over 65 and women over 80 in period. Such people are often able to work in small retirement jobs, taxes permitting, or fend for themselves in other ways. But the numbers over the age of 75 will increase by some 750,000 during the same period, and it is these people who are likely to need health and social services, at great cost.

Again, the Department of Education has taken the latest projections and calculated from them that in England and Wales alone the number of children at school is likely to fall by at least 1.25m. (or some 14 per cent.) over the next ten years.

kind of demographic analysis as a tool of planning is the old familiar one: if it does not fit in with political preconceptions then at the end of the day the Government will not have it. But since this is good news week it is perhaps better to concentrate on the thought that on the day after that the very force of the arithmetic will oblige whatever Government is in office to accept the logic of social change.

This applies to calculations based on events that have already happened: when demography relies on notions about how many babies people will choose to have in the future it is on very uncertain ground. At the moment we are not even replacing ourselves. To achieve this we should arrange an average family size of 2.1; present annual fertility rates suggest a figure of 1.8. The differences are of major importance. We can be certain, now, that in 1981 there will be 9.7m. pensioners and about 34.8m. persons aged between 15 and retirement. But will there be 10m. children of 14 and under, or 13m.? The lowest figure is based on today's fashion for having very few babies; the highest on a return to earlier, bumper, levels.

There are several reasons why a figure at the low end of the scale seems sensible. People managed to avoid having babies during the Great Depression even though the birth control pill was not yet invented—and to-day they may have similar emotional reasons for not wanting families, plus the highly efficient pill. The position of women in our society is qualitatively different from what it has been at any previous time, and this may be the fundamental difference. Over a third

Housing

People are having smaller families, but too many councils are building three-bedroom dwellings. Much future demand is likely to come from badly off single persons (like elderly widows), who need low-rent flats, and the striving, two-adult young family, who need help to buy. Our present public housing policies are largely designed to satisfy the needs of a population which will have changed beyond recognition by the time many of the new buildings are up.

The only serious short-term obstacle to the use of this

obstacle to the use of this

obstacle to the use of this

Letters to the Editor

Tax relief on life premiums

From Mr. C. Bishop.

Sir,—I regard myself as a reasonably well-balanced individual who can usually see some logic at least in successive Chancellor's Budget pronouncements, even if I am by no means always in agreement.

Much has already been said concerning the major points of this year's proposals, but to my knowledge and until the recent publication of the Bill, no reference has been made to an apparently insignificant proposed change in the law governing the availability of tax relief against qualifying life insurance premiums.

Certainly, the Chancellor did not see fit to include in his speech warning that he proposes allowing from 1978-80 tax relief on all such premiums in excess of £1,800 per annum. Since the context of a determined Socialist drive to kill permanently any aspiration an individual may have to strive for an earned income higher than that of the skilled shop floor worker, perhaps the justification for playing down this feather-damaging provision is all too evident.

But, the implications are very real. Can we ever again rely on future Chancellor's speeches as accurately dealing with all aspects of their proposals? And how possibly can be the justification for such nit-picking legislation? Less will be available for investment by the life offices in British industry, so desperately needing the injection of fresh funds, as we are constantly reminded. And of course the life offices themselves will suffer, since the average policy size must reduce, thus raising the incidence of expenses and "worsening" the return to the "run of the mill" policyholder whose continued and undaunted wish to save is so heavily applauded by those who would prefer to benefit from the munificence of the Welfare State.

Mr. T. Scrutton.

Mr. T. Scrutton.

Mr. T. Scrutton.

British salary levels

From The Deputy Director.

Sir,—The latest attempt by the Treasury (reported on April 29) to show that Britain is a relatively under-taxed country again ignores how sharply progressive are our direct taxes. Nor, because it is concerned with taxation as a share of gross national product, does it take account of the fact that salary levels for British managers are much lower (and therefore much more heavily taxed) than those of manual workers in other industrialized countries.

In a recent study Professor David Granick, of Wisconsin University, showed that the ratio of incomes of upper management to the average of manual workers in Britain was little more than half that in France. It was also much lower than the ratio in the United States and only a little higher than the Soviet Union. The comparison was based on pre-tax salaries, so that—given the progressiveness of British taxation—post-tax differentials in Britain became even less.

Professor Granick suggested that Britain's egalitarianism of earnings was probably unique among capitalist countries and might account for our poor rate of economic growth since World War II. Be that as it may, the

Guidelines for teams

From Mr. B. Cranwell.

Sir,—Your article by Michael Dixon on Jerry Harvey's contribution to the American Organisation Development Network meeting will probably be as welcome to practitioners of practical palliatives in organisations as was the recent Lancet research study to supporters of putting the clock back in the classroom.

The Abilene Paradox

From the Editor.

Sir,—Michael Dixon's report on Prof. Harvey's discovery of the Abilene Paradox (April 28) is an interesting restatement of something that has been known for hundreds, maybe thousands, of years—that a committee will eventually come to a wrong and stupid conclusion. So what's new? The 11th Commandment is also very old. It states, very simply, "Thou shalt not commit."

H. R. Heap.

Mercury House.

Waterloo Road, S.E.1.

Water supplies and shortages

From Mr. P. Millington.

Sir,—The article by David Fishlock (April 30) on water supplies and shortages discusses at length contentious and expensive proposals to establish a National Water Grid with additional storage and regulation. He only briefly mentions that industry, rather than the domestic user, consumes the larger proportion of public water supplies and that there is scope for greater re-use of water.

It is obvious to those of us involved that a very rapid way of conserving our resources is by re-circulation of water and the use or re-use of non-potable or effluent fluids for cooling applications in industry. Much work on re-cycling effluent has been done by the Central Electricity Generating Board in conjunction with the Thames Water Authority but they are in the position whereby they have no choice but to re-circulate. If they relied on direct water supplies there would be none for anyone else.

The real uncontrolled wasters are small and medium-sized industries who have grown up using drinking water for cooling

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COMPANY NEWS + COMMENT

BHS peak £21.9m.—exchange provision

CONTINUING its improvement into the second half, pre-tax profit of British Home Stores rose by 17.8 per cent to a record £21.9m. in the 33 weeks ended April 3, 1976, after £18.57m. compared with £18.56m. in the first half.

But after a £4.2m. provision for exchange loss on the £10.52m. loan calculated at April 3, including the estimated costs of liquidating the liability, the attributable profit at year-end is down from £18.5m. to £14.37m. Including VAT sales expanded by 20.2 per cent to £210.83m.

Adjusting for the one-for-eight November rights issue, stated earnings are up from 18.8p to 21.9p per 25p share—as forecast dividends total 10.2115p (4.9331p) net—Treasury consent has been obtained with a final of 6.2p. A one-for-one scrip is proposed.

1975-76	1974-75
Trading profit	18,567
Interest on loans	1,234
Interest on investments	1,234
Income tax	1,234
Profit before tax	18,567
Tax	1,234
Profit after tax	17,333
Dividends	10,211
Reserves	7,122

See Lex

Avon Insurance

Avon Insurance, a member of National Farmers Mutual Insurance Group, achieved a surplus of £136,000 in the first half.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding year	Total last year
Advance Laundries	1.21	July 1	1.51	1.38
Brill Home Stores	0.27	June 25	0.64	0.96
S. Casket	0.38	July 31	0.35	0.35
Davies & Newman	0.38	July 31	0.35	0.35
Estates & Agency	0.38	July 31	0.35	0.35
G. R. (Holdings)	0.38	July 31	0.35	0.35
Haden Carrier	0.38	July 31	0.35	0.35
Manchester Liners	0.38	July 31	0.35	0.35
James Shipstone	0.38	July 31	0.35	0.35
Tyson	0.38	July 31	0.35	0.35

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. * On capital increased by rights and/or acquisition issues.

First half rise at G.R. (Holdings)

FROM HIGHER turnover of £7.6m., compared with £6.8m., taxable profit of G. R. (Holdings) increased from £180,236 to £282,844 in the six months to December 31, 1975, for the year 1974-75 profit was a record £1.33m.

The interim dividend is kept at 3.5p net, absorbing £36,109. Last year's final amounted to 12p. Net profit for the first half was up from £273,256 to £282,844 after tax of £462,000 (£405,000). After minorities, the attributable balance comes out at £288,172.

Mr. R. Cory, chairman, expresses satisfaction with the results. The householders' account continued to expand, but he is uneasy over the reluctance of policyholders to revise sums insured frequently and adequately. He hopes that policyholders will change their insurance to the new index-linked policy introduced last year.

Private car insurance benefited from a slowing down in rates of increases of claims, but the expense of the motor cycle account was appalling despite the steep premium increase in July. The company was giving the problem urgent attention particularly in respect of young drivers of large machines.

TOOTAL

Preliminary Announcement for the year ended 31st January, 1976

The year proved exceptionally difficult for certain of the U.K. operations but profits arising from overseas operations were substantially better. In North America there was a strong recovery in the latter part of 1975/76 and this has continued into the current year. Group activities in Africa made an important contribution to the year's trading profit but there are significant minority interests involved which reduce the impact on profits attributable to the Parent Company. It is planned to continue to expand overseas activities. In the U.K. future investment will be concentrated in the growth areas of the Group and steps are being taken to reduce investment in areas from which the return is inadequate and unlikely to improve significantly in the future. For example, the Hide Group of stores has been sold and, as already announced, involvement in some traditional textile manufacturing operations is being reduced. It is considered too early to give a forecast for the current year, but the start to the year is encouraging with Group profits for the first two months showing a marked improvement over the corresponding period in the previous year.

	1975/76	1974/75
SALES to outside customers	£2,000	£2,000
TRADING PROFIT	257,802	234,923
United Kingdom		
Textile activities	5,124	8,984
Retail	1,549	984
Non-textile	233	1,496
	6,906	11,464
Overseas textile activities		
North America	2,131	1,721
Africa	4,311	2,478
Asia	1,672	1,526
Australasia	435	839
Europe	721	886
	9,270	7,450
Central expenses	16,176	18,894
TRADING PROFIT before interest	15,111	18,076
Interest	5,977	4,907
PROFIT BEFORE TAXATION (Note 2)	9,134	13,169
Taxation (Note 3)	3,100	6,522
PROFIT AFTER TAXATION	6,034	6,647
Minority interests	1,119	714
PROFIT before extraordinary item	4,915	5,933
Extraordinary item (Note 4)	1,182	—
PROFIT ATTRIBUTABLE TO TOOTAL LIMITED	3,733	5,933
Dividends		
Preference	206	206
Ordinary	3,046	2,789
PROFIT RETAINED	481	2,938

NOTES

- Earnings per ordinary share were 3.4p (1974/75 4.2p) (See Note 3).
- Trading results of overseas subsidiary and associated companies are included in the Group results by reference to year-end rates of exchange. Movements in exchange rates between the beginning and end of the year have increased the 1975/76 profit before taxation by £678,000. They also result in a credit to reserves of £2,702,000 on conversion of foreign currency assets and liabilities as at 1st February, 1976.
- There has been a change in the basis of providing for taxation in that deferred taxation has not been provided on timing differences arising during the year in United Kingdom companies on the excess of tax allowances on plant and equipment over the related depreciation charges, and advance corporation tax, which would previously have been set off against deferred taxation in respect of such differences, has been charged to profit and loss account. The effect of this change is to reduce the charge for taxation and to increase the profits for the year after taxation and before extraordinary items by £280,000 (equivalent to 0.6p per share).
- As advised in the interim statement the extraordinary item represents the loss on disposal of the Hide Group of stores.
- Expenditure on fixed assets, net of grants, was £14,037,000 (1974/75 £13,482,000).
- Net borrowings at 31st January 1976 showed no material change from the level at the end of the previous year, leaving the ratio of borrowings to shareholders' funds virtually unchanged. Financial facilities for finance remain available and are adequate for current requirements.

ORDINARY DIVIDENDS

Despite the decline in profit for the year as a whole, the Board feels justified in recommending, in the light of the improving results in the second half and the encouraging start to the current year referred to above, the maximum permissible increase in the rate of dividend on the Ordinary Shares. A final dividend of 1.497p per Ordinary Share is therefore recommended payable 2nd July, 1976 (record date 28th May, 1976) which, together with the interim dividend of 0.72p per share already paid, will make a total for the year of 2.217p (1974/75 2.037p). Including the relevant tax credits this represents an increase of 10% in the gross equivalent.

The Annual General Meeting will be held in Manchester, on 23rd June, 1976

Tootal Limited, 36 Oxford Street, Manchester M60 1HZ

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Avon Insurance	20	1	Mine Holdings	24	4
Boosey and Hawkes	22	5	Mixconcrete	24	4
Brill Home Stores	20	1	Nash (William)	23	8
Casket (S.)	20	4	Parl Assurance	23	6
Clayton Dewandre	23	5	Pentos	23	1
Crossley Building	21	2	Sharpe and Fisher	24	4
Davies and Newman	20	4	Shipstone (James)	21	5
Equitable Life	24	4	Smith (W. H.)	23	3
Fisons	21	4	Southern Constructors	21	1
G. R. (Holdings)	20	3	Spear and Jackson	24	3
Haden Carrier	20	7	Stag Furniture	20	5
Hamilborne	24	4	Stonhill	24	4
Hestair	23	1	Total	21	1
Interpublic Group	20	6	Transatlantic Market	23	2
Lage (Percy) Group	24	3	Trust House, Forte	20	6
London Bridge Secs.	22	4	Tyson (Contractors)	24	4

compared with £242,885.

The group is engaged in the processing and merchandising of sheepskins and furs, together with the manufacture and sale of garments and other products made principally of sheepskin, suede and leather. The group also operates Grayshot Hall, which provides facilities for health and relaxation.

Profit comment

Profit margins of G. R. Holdings are holding steady and pre-tax profits are up 14 per cent, on a 15 per cent turnover increase. The seasonally important first half has been boosted by raising sheepskin prices but margins have been to suffer as GR runs down its earlier stock of sheepskins. However, the current half is, apparently, seeing a continuation of the first half's monthly profits growth rate. The Australian subsidiary is contributing to this improvement. The shares rose 2p to 238p where the price is 10.2 per cent, covered 3.8 times.

S. Casket ahead at halfway

CLOTHING manufacturers, distributors and retailers, S. Casket (Holdings), announced an impressive 10 per cent increase in its taxable profit from £204,812 to £248,074 for the half year to December 31, 1975.

The directors state that current trading is now back to a viable level and while order books are more healthy, margins are still under constant pressure. However, they are reasonably confident that the company will still return another good result for the current year and intend to at least maintain last year's level of dividend.

The interim dividend per 10p share is stepped up from an adjusted 0.639p to 0.75p net, and as at this time last year a one-for-one scrip issue is proposed. Last year's interim dividend was 17.528p from profits of £208,000.

comment

S. Casket's interim pre-tax growth of 47 per cent may be its last big jump for some time as it seeks to improve its margins on Taiwan, its main source of imports. The company has reverted in Hongkong for supplies but with little success as the supply situation there is tight, although purchases from South Korea are helping the situation. So, the company has to make do with expensive domestic manufacturers to make up for the shortfall. Meanwhile, the company is already growing sales resistance among consumers. But the effects are not expected to be felt until the next year. The company's interim pre-tax loss of £1,000,000 for 1975-76, at 46p, the 1975-76 yield is 8 per cent, covered 3.8 times by prospective earnings.

Davies & Newman £0.2m. up

TAXABLE PROFIT of shipbrokers, shipping agents and air-line operators, Davies & Newman Holdings, rose from £1.14m. to £1.36m. on turnover £13.7m. to £15.2m.

Earnings per 25p share expanded from 8p to 10.5p and the final dividend is 4.300p, net (4.500p gross). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

Chairman's statement, Page 24

RESULTS AND ACCOUNTS IN BRIEF

AUTOMATED SECURITY (HOLDINGS)—Results for 1975 ended November 30, 1975 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

BARR & STROUP—Results for 1975 ended April 3, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

BEST OF STADIUM AND OXFORD STADIUM—Group net profit for 1975 ended April 3, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

CITY AND COMMERCIAL INVESTMENT TRUST—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

CLARKE, NICHOLS AND COMBES—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

ESTATES AND AGENCY HOLDINGS—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

HIGH GOSFORTH PARK COMPANY—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

HANGER INVESTMENTS—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

HILL GROUP—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

MILTONS FOOTWEAR—Results for 1975 ended March 31, 1976 already known. Fixed assets £1.25m. (1974 £1.25m.). Net current liabilities £20.213 (1974 £12.5m.). Current assets £1.25m. (1974 £1.25m.). The company has a strong order book and the directors look forward with confidence to the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

Dealings start for IPG

Dealings in some 2.6m. shares of the Interpublic Group of Companies Inc. began yesterday in London.

The group is to propose to shareholders next week the doubling of its authorised capital to 10m. shares. At the end of last week the shares were being quoted in New York at \$25 giving the company a market capitalisation of \$250m. (£156m.).

The London listing is the group's first outside New York and it has come to London to develop its corporate image in Europe where it has a strong potential. In 1975, IPG made \$7.9m. (\$8.9m.) net income from turnover of \$173m. (\$187m.) and the dividend was recently increased to \$1.20 a share.

The first quarter of this year the chairman said net profits were up 14.3 per cent to \$854,000. Shiner and Friedlander and Greenwell and Co. introduced the shares.

comment

Thanks partly to a sharp rise in investment income Davies and Newman's profits are 19 per cent higher before tax and the shares rose up on the results to 36p. The group was able to offset much of the decline in shipbroking profits by increasing the contribution from its sale and purchase agency, the shipowners' services last year to trim their debts—but the real growth in 1975 came from the aviation side where operating profits rose 12 per cent against 81 per cent for the group as a whole. The growth in this division is continuing in the current year and although an excessive prolongation of the shipping crisis could eventually present serious problems, the group is confident that it can maintain profits in the current year. The shares yield 11 per cent covered 21 times. Balance sheet cash currently equals around 107p per share.

Good start by Stag Furniture

A CONTINUED policy of steady expansion is confidently predicted by Mr. P. V. Radford, chairman of Stag Furniture. All companies in the group are working to capacity and both turnover and profit for the first quarter of 1976 are very satisfactory, he says.

In recent weeks there has been some slackening in demand for domestic furniture, but it is too early to forecast whether this is likely to persist, he adds.

Pre-tax profits for the year ended December 31, 1975, already reported, advanced from £780,708 to £1,302,151. The dividend is 3.8894p (3.5p) net and a 1-for-2 scrip issue is proposed.

Mr. Radford considers the results very satisfactory and expects that they may be made possible by the continued growth of the original Stag companies and by the contribution from Yattion Furniture which was acquired during the year.

Chairman's statement, Page 24

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THF sees midterm increase

LORD THORNEYCROFT, chairman of Trust House Forte, told the AGM yesterday that results for the first half of the year were expected to be up, in line with the trend of the second half of 1975.

However, the weakness of sterling "has not in general helped us," Lord Thorneycroft added, and the directors are warning that further provisions would have to be made this year in respect of foreign currency borrowings. Last year a provision of £5m. was made after tax in the accounts to cover possible increased liability on foreign currency loans. Any increased net liability on this account is due mainly, it is understood, to the group's \$100m. loan which is due for repayment in early 1977, is largely unmatched by foreign assets.

On the other hand, Lord Thorneycroft told shareholders that the devaluation of sterling had added and large numbers of tourists to the U.K. and that this is reflected in the number of forward bookings for the group.

BELGRAVIA ASSETS

Shareholders in Belgravia Assets are being asked by Mr. M. Stewart, a shareholder who with associates hold 5.87 per cent of the equity, to support a call for an EGM to consider a possible liquidation.

Mr. Stewart argues that the current share price of Belgravia is an investment discount to asset value and such a move would allow the value of the investment and enable holders to sell as many shares at the higher price as desired.

comment

A decline in capital investment by the group.

Haden Carrier up 7.6% to £3.26m.

GROUP TURNOVER for 1975 of Haden Carrier expanded by 13 per cent from £15.7m. to £17.8m. and profits rose by 15 per cent to £4.4m. Higher interest charges, however, reduced the rise at the pre-tax level to 7.6 per cent, with profits of £3.26m. against £3.03m. after £0.83m. for the first half.

Tax, kept high by non-allowable losses in some overseas subsidiaries, took 62 per cent of pre-tax profits at £2.02m. against £1.83m. for the first half. After minority interests and extraordinary items including terminal losses in respect of unremunerative small activities the available profit for ordinary shareholders was £1.04m. compared with £1.01m.

Stated earnings are 15.3p per 25p share against 12.9p and a final dividend of 4.337p net lifts the total from 6.518p to 7.857p, the maximum permitted.

Despite higher turnover the group's cash position remains healthy, states Mr. F. A. Pullinger, the chairman.

Although the overall results were in line with the expectations, the performance of the three divisions in 1975 was uneven, he tells members. While the U.K. building engineering services division increased profits by 73 per cent, the Haden International division by more than 100 per cent, the Carrier Drysds division made a trading loss of £370,000. This setback was not entirely unexpected and was the result of heavy cost inflation on contracts taken several years ago, and also of a near 19 per cent decline in turnover.

The decline reflected a severe downturn in industrial activity throughout the world, particularly in the motor industry from which the division normally derives an important part of its profits. Economies have been made and the size of the organisation has been cut back significantly in some areas, though the capability to handle projects of any magnitude has been maintained.

Looking to the future, Mr. Pullinger says that the effects of the steadily increasing involvement in the Middle East and other oil-rich territories will begin to show in 1977. In that year, too, he expects the under-utilised capacity in Carrier Drysds to be taken up by new capital investment in the European motor industry for which firm plans now seem to be in preparation.

Although he does not look for any improvement in group profits this year, he is therefore "reasonably optimistic" about the future trend.

However, the weakness of sterling "has not in general helped us," Lord Thorneycroft added, and the directors are warning that further provisions would have to be made this year in respect of foreign currency borrowings. Last year a provision of £5m. was made after tax in the accounts to cover possible increased liability on foreign currency loans. Any increased net liability on this account is due mainly, it is understood, to the group's \$100m. loan which is due for repayment in early 1977, is largely unmatched by foreign assets.

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comment

A decline in capital investment by the group.

To the Holders of

Argentine Republic

Floating Rate Notes 1977

In accordance with the provisions of the aboves Bankers Trust Company, as Fiscal Agent hereby established, the Rate of Interest on such Note semi-annual period ending October 29, 19

Friday May 4 1976
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Recovery trend at Tootal

FOLLOWING the first half movements in exchange rates back, profits of Tootal showed a recovery trend in the second half of the year. The company's profits for the first half of 1975-76 were £1.17m, compared with £1.17m for the first half of 1974-75. The recovery trend was reflected in the company's profits for the second half of 1975-76, which were £1.17m, compared with £1.17m for the second half of 1974-75.

The directors reported that the company's profits for the first half of 1975-76 were £1.17m, compared with £1.17m for the first half of 1974-75. The recovery trend was reflected in the company's profits for the second half of 1975-76, which were £1.17m, compared with £1.17m for the second half of 1974-75.

The directors pointed out that the company's profits for the first half of 1975-76 were £1.17m, compared with £1.17m for the first half of 1974-75. The recovery trend was reflected in the company's profits for the second half of 1975-76, which were £1.17m, compared with £1.17m for the second half of 1974-75.

Confidence at Southern Constructions

In his annual statement, the chairman of Southern Constructions, Mr. C. C. Mitchell, tells members that he views the future with confidence. The group is entering 1976 with a record value order book, he says, and the completion of long-term contracts, which will ensure profits over the last two years—will more than offset the pressure on margins brought about by current conditions.

Although invitations to tender have been running at a high level, the group is actively seeking to enlarge its area of operation.

Overseas work has been and is being investigated; the group can carry out most types of civil engineering construction, and is adaptable to fluctuating demands in any one sector, states the chairman.

As reported on April 14, turnover expanded from £7.36m to £9.95m in 1975 and pre-tax profits jumped from £222,519 to £553,951. The dividend total is £995,49.

RECENT ISSUES

EQUITIES									
Issue	Price	High	Low	Stock	Issue	Price	High	Low	Stock
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.

RIGHTS OFFERS

Issue	Price	High	Low	Stock	Issue	Price	High	Low	Stock
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.
1000 F.P.	100.00	100.00	100.00	1000 F.P.	100.00	100.00	100.00	100.00	1000 F.P.

Second half downturn for Manchester Liners

DESPITE sales levels in monetary terms being maintained in 1975, Manchester Liners, a subsidiary of Furness Withy and Co., was only a third of that for the previous year and taxable profit slumped to £222m, compared with £622m—which was four times the record £153m, turned in for 1974.

However, the directors are sufficiently encouraged by improving trading conditions to recommend maintenance of the dividend total at 3.025p with a final payment of 4.025p net per 20p share.

At mid-way when reporting profits of £153m (£175m) the directors stated that it would be matched those of the first half. They now point out that labour troubles in Canada and the U.K. last summer severely restricted North Atlantic container service operations and the trading slump bit into cargo-carryings.

External turnover was £200m, compared with £175m in 1974. Operating profit was £153m, compared with £175m in 1974. Profit before tax was £153m, compared with £175m in 1974. Tax was £222m, compared with £622m in 1974. Net profit was £222m, compared with £622m in 1974. Dividend was 3.025p, compared with 3.025p in 1974. Final payment was 4.025p, compared with 4.025p in 1974.

The group's declared policy to increase its share capital by £100m was manifested by four particular developments in the year of the EEC referendum. Share quotations were obtained in Frankfurt and Düsseldorf, which followed an initial step of having ADRs available in New York.

The pharmaceutical divisions were further strengthened in 1975 by the investment in Laboratoires Gerda of Lyons. The

company R. J. Bunt and Son, of

See Lex

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Fisons well placed for upswing

MR. G. V. K. BURTON, chairman of Fisons, says there is increasing evidence that the trade recession is abating, and while recovery in the U.K. will be somewhat later than in the U.S. and some European countries, the group is well placed to take advantage of the international upswing.

Overseas earnings have continued their planned upward trend thus reducing further reliance by the group on the U.K. economy. While business in the U.K. has made real progress, the political climate for further major investment here is less than encouraging, the directors

FOR 1975 pre-tax profit of £1.5m, says Shipstone and Sons shows a £153,073 expansion to a record £1.5m. Tax takes £350,000 compared with £730,000 leaving the net balance up from £809,284 to £714,337.

The dividend total per £1 share is raised from 7.045p to 7.527p with a final payment of 4.902p net.

See Lex

BROCKHOUSE

The Brockhouse Group was further strengthened in 1975 by the investment in Laboratoires Gerda of Lyons. The

company R. J. Bunt and Son, of

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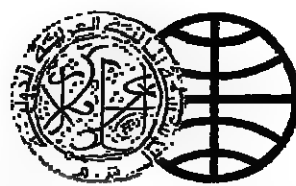
KUWAIT INVESTMENT COMPANY S.A.K.
INVESTMENT PROMOTION GROUP S.A.L.
BEIRUT RIYAD BANK S.A.L.
CREDIT LIBANAIS S.A.L.

and
BANQUE DE L'UNION EUROPEENNE
MANUFACTURERS HANOVER INTERNATIONAL FINANCE CORP.
THE BANK OF TOKYO LTD.

announce the formation of the

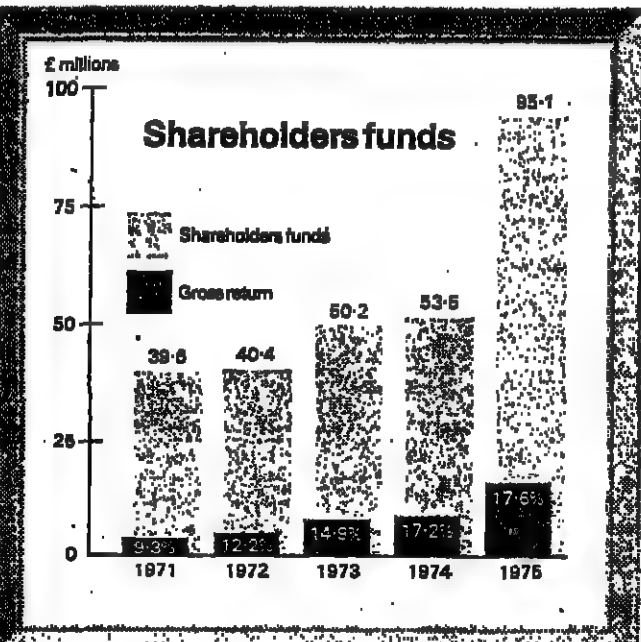
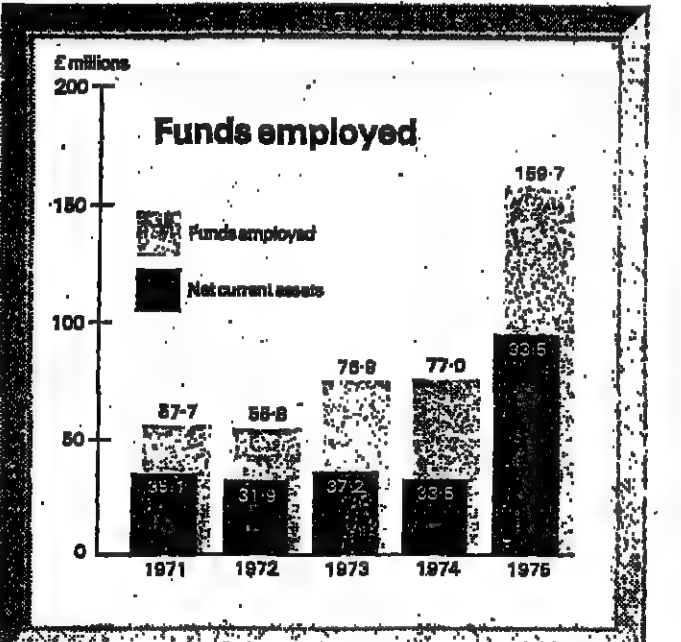
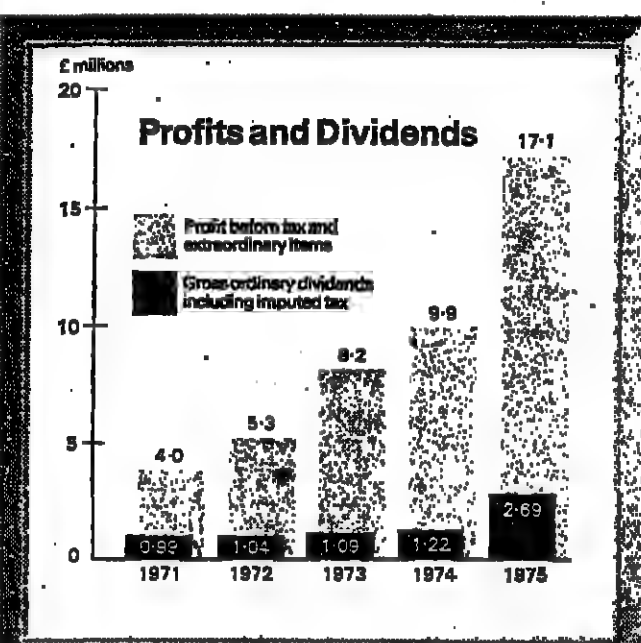
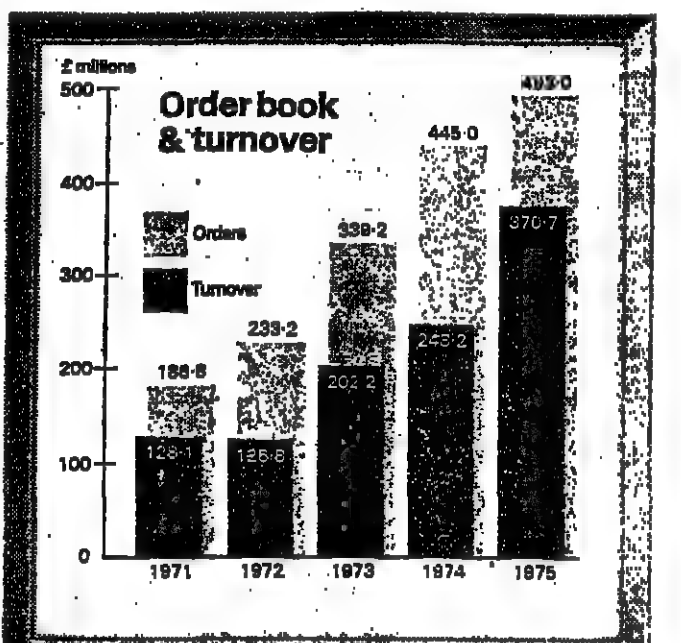
Arab Finance Corporation (International) s.a.

Authorized and Subscribed Capital U.S.\$5,000,000. Paid up U.S.\$3,750,000.
Incorporated in Luxembourg.



Registered Office: 22-24 Bld Royal, Luxembourg.
European Office: 48 Rue des Petits-Champs, 75002 Paris.
Tel: 073.52.68 and 073.92.99. Telex: 211590F ARABFI.

Chairman of the Board: Dr. Chafic Akhras



Every picture tells a story - a story of development and growth

Extracts from Mr. John King's Statement to shareholders:

Without doubt 1975 stands out prominently as the year of greatest financial achievement in the Company's long history. Shareholders' funds grew during 1975 by £42 million to end the year at £95 million, and profits increased substantially to a new record yet again.

SALE OF DEUTSCHE BABCOCK

The key event of 1975 was the successful completion on 5th August of negotiations with the Imperial Government of Iran, which provided the unique opportunity of realising the intrinsic value of the Group's shareholding in Deutsche Babcock & Wilcox AG, releasing those funds for more profitable investment. The net proceeds of the sale amounted to \$66.5 million.

RIGHTS ISSUE

In October 1975 the Company raised new ordinary capital for the first time since 1958 by means of a one for one rights issue at par. The net proceeds of £11.2 million contributed to the finance required for the expansion of the Group's domestic business including the heavy demands for working capital caused by the inordinately high United Kingdom rate of inflation. Thus we were able to use the proceeds from the sale of the investment in Deutsche Babcock & Wilcox AG for reinvestment abroad. The rights issue also provided the opportunity to improve the distribution of profits

Pentos expects ahead better return

IN A confident statement, Mr. P. on Abbot Finance and a reduced investment income, Mr. P. on Abbot Finance, chairman of the group, says that the company will show a better return on its investments in the year ending 1978 than it did in 1977. The group's return on investment was 12.5 per cent in 1977, compared with 11.5 per cent in 1976. The chairman says that the group's return on investment will be 13.5 per cent in 1978, compared with 12.5 per cent in 1977. The group's return on investment was 12.5 per cent in 1977, compared with 11.5 per cent in 1976. The chairman says that the group's return on investment will be 13.5 per cent in 1978, compared with 12.5 per cent in 1977.

W. H. Smith spending £9m. on expansion

ANNOUNCING PLANS to spend £9m. this year to accelerate expansion of the business, Mr. Charles Troughton, chairman of W. H. Smith and Son (Holdings), says in his annual statement that prospects appear to be "very good". In recent months the directors backed by an "extremely strong" balance sheet have been planning and confirming their confidence in developments in Canada and the Netherlands and "substantially" in the UK. Notwithstanding the recession and inflation, the year 1977-78 was a successful one in which new plans were made and resources provided for a further expansion right through the group, adds the chairman. As reported April 8 group pre-tax profit advanced from £9.2m. to a record £12.5m. in the year to January 31, 1978. The dividend total is raised from 8.31p to 8.88p per share net. Mr. Troughton says that the buying and marketing division and the Swindon distribution division fought "very hard and successfully" for their sales, kept expenses well under control and produced excellent results which were better than forecast at half-year. Christmas sales despite a very slow start in November proved above expectations during the last three weeks of the year. With King's Cross, Hammer-smith, Dalston and Peckham now the distributing depots in London, the value of the business of fresh food capital which has affected whole-sale for many years is being reversed. Losses through disputes at publishing houses cost the group £1.5m. in sales compared with £1.0m. in the previous year, reflecting the improving industrial climate in the industry.

Pearl Assurance assets advance by £58m.

THE 1976 annual report of the Pearl Assurance Company discloses that total assets increased by £58m. last year to £536m. Gross investment income rose over the year by £2m. to just under £60m. of which 37.1 per cent. came from equities, 12.5 per cent. from properties and 10.0 per cent. from mortgages and loans. At the end of the year, short-term deposits in the UK totalled £30.5m. compared with £27.5m. at the end of 1974. The company increased its gilt-edged holding by £35m. in 1975 compared with a reduction in holding of £9m. in the previous year. Net equity investment, mostly in the UK, exceeded £2m. of which £2m. was in rights issues. Gross advances under house purchase mortgages amounted to £12m. with net lending coming to £8m. The company spent £5m. on the acquisition of the 51 per cent. of the equity capital of New London Properties not previously owned. Premium income on the ordinary life business increased by £3.5m. to £40.8m. but considerations for annuities fell by one-half to £23m. Claims and expenses were £2m. higher, so that the fund stood at £399m. at the end of 1975 compared with £373m. at the beginning, following an increase of £26,000 in the book value of investments held for unlinked business. The industrial branch fund rose by £28m. to £380m. at the end of the year, with premium income up by £1m. to £50m. and investment income £4m. higher at £31.6m. Combined premium income for all life business exceeded £100m. for the first time. There was a significant increase in the expense ratio of both life branches—that of the industrial increased from 37.06 per cent. to 39.25 per cent. and the ordinary from 28.57 per cent. to 32.51 per cent. The yields on the life funds for the year were 8.95 per cent. on the Ordinary against 8.47 in 1974, and 8.97 in the industrial compared with 8.46 per cent. Net premium income in the general branch last year was £23.53m. worldwide compared with £21.5m. in 1974, an increase of 8.4 per cent. However, during the year there was a considerable reduction in premium income following the cessation of business in Canada. If the Canadian income is ignored the increase in premium income amounted to £1.5 per cent. income in the UK rose by 25.3 per cent. to £21m. There was an overall underwriting loss (already reported) of just under £3m. Mr. S. C. McIntyre in his chairman's report welcomed the indications that some success was being achieved in conquering inflation. Medium and long term savings institutions would be affected by a prolonged period of even moderately high inflation and he stated that a level of 10 per cent. was still far too high. He welcomes the Chancellor's Budget statement to have the rate of inflation by the end of 1977. Mr. McIntyre refers to the recent state of legislation affecting insurance business which he estimates must have cost the industry many hundreds of high-level man-hours during recent years. He expresses the hope that when the current flow of regulations is completed, the insurance industry will be allowed a long period of relative freedom from additional legislative burdens. He expresses concern over the effects of the Consumer Credit Act which on the face of it has little relevance for life companies. This could result in materially

Wm. Nash incurs loss of £54,000

A TURNAROUND from a pre-tax profit of £77,052 to a loss of £54,064 is reported by maker of specialist papers, William Nash for 1975. At half-way the company broke even compared with a profit of £268,000 for the corresponding period. The loss for the year was on turnover of £6.2m. (£6.2m.) and after a special credit of £10,944 from the sale of property. Loss per £1 share is given at 18.1p (earnings 45.2p) and the dividend is cut from 12p to 4p with a final payment of 2p. After a year's credit of £12,256 against a charge of £23,472 the net loss emerges at £32,798 (profit £418,361).

Hestair looks to further boost in exports

A FURTHER year of record profits is foreshadowed by Mr. D. Hargreaves, chairman of Hestair, and he says that first quarter figures suggest that the view is confident that the year will provide fresh export records, substantial profits growth in special vehicles, renewed expansion in agricultural products and more modest profit improvements at home. The economic position of the UK remains precarious and if money policies remain tight, as they must, there could well be problems in 1977 balancing the needs of public expenditure and industrial growth. Mr. Hargreaves says that in these circumstances the group must remain moderately geared and export-oriented for there can surely be no substantial increase in home consumption for many years. In the year ended January export sales jumped by 119 per cent. to £3.8m. and a "stiff" target of £12m. has been set for 1978-79. Six new field managers have been recruited for exports. As reported group pre-tax profit increased from £3.0m. to £5.1m. in 1975-76 on a turnover of £44.32m. (£38.13m.). The group's main policy objectives were to improve the balance sheet, to encourage organic growth, to increase exports. There was considerable progress towards meeting those objectives. The balance sheet has been transformed by a succession of planned moves and by the strong positive cash flow provided by operating companies. Hestair raised £1.1m. by a rights issue, sold the Staines Crane and Service Electric for £702,000 cash, converted £426,000 of convertible loan stock into equity and gained £4.4m. net from operations. The result is a reduction in the level of gearing from 212 per cent. of shareholdings (and minority) ends to 26 per cent. "Thus, our balance sheet health is restored and we have provided a platform for the future," declares the chairman. There was a net cash inflow of £5.1m. (£3.84m.) in the year. During the year, the group spent on new capital projects and this rate of spending is expected to increase in the current year. Meeting, Savoy Hotel, WC, June 3 at noon. Chairman's statement, Page 44.

Transatlantic Market Trust

The Transatlantic Market Trust, managed by Warburg Investment Management Jersey, reveals in its annual report for the first complete year of operations that between March 18, 1973, and March 31 this year the offered price of the company's participating shares rose by 8 per cent. from £10.50 to £11.75. This was against a 21.7 per cent. rise in Standard and Poor's index over the same period. The fund's aim is to achieve long-term capital growth by investing in North American stocks. During most of the year conditions were favourable for the American common stock prices. The reason for the disappointing performance of the fund in the year was attributed to two main factors. First is the high level of liquidity at the beginning of the year (58 per cent.), although by the year-end the fund was relatively fully invested. Secondly, the performance was adversely affected by the good relative performance of the paper, steel and aerospace sectors in which it was under-represented, particularly in the first six months. This has now been put right and at the year-end the major areas of investment were: chemicals, 19.1 per cent., office equipment 16.4 per cent., paper 8.6 per cent., oil 6.7 per cent., retail 6.3 per cent. The biggest reduction was in drug companies. The net assets of the company totalled £13.55m. at the year-end. The amount available for distribution after management expenses was £230,000 (£113,000) and an interim dividend has been declared of 19.59p per share (18p in 1975) net of Jersey income-tax.

Winding-up orders

Orders for the compulsory winding up of 66 companies were made by Mr. Justice Templeman at the High Court yesterday. They were: Racial Construction (Southern), Inman, H. Frith, Anglo Wholesale Green Groceries, G.S.E. Heating, Investment and Financial Securities, Dungenais, and K. Litho, London Bridge Securities, Homeparties, Collectors Co. Ltd., Marcon Precision Moulds, Ormay Environmental Engineers, Ruff Moorhead and Associates, Stonelark Properties, Loyd and Orr, Imogenes, Allenian Garages, Jacques argason Smith, P. J. Mundy and Sons, Symonson and Deamer, Bywell Builders, Animate Builders, engineering, Anal, Investment and Property, R. B. Audio Systems, Trevor and Associates, F.D. Humphreys (Builders and Contractors), Milfield Builders, Castle Hill Contractors, and in Press, Africa (Building and Construction), S. Ayres and Company, Cheshire Studios, D.J. Wholesale, Raystan Builders, Longs Batteries and Spares, T.J. and S. Transport Company, J. L. 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Crossley Building Products Limited

Builders' and Plumbers' Merchants.
Manufacturers of Bricks, Clay Roofing Tiles and Concrete
Products. Road Haulage Contractors.

Year ended 31st December 1975

After the poor trading conditions in the first half, the latter part of 1975 showed considerable improvement. I am able to report a much more successful year than appeared possible at the outset.

	TURNOVER 1975 £	1974 £
Merchandising	9,159,000	8,316,000
Manufacturing	3,809,000	2,898,000
Road Haulage	1,080,000	919,000
	14,048,000	12,133,000

	PROFIT 1975 £	1974 £
Merchandising	609,213	545,157
Manufacturing	471,227	384,833
Road Haulage	120,702	97,809
	1,201,142	1,027,799
Interest Paid less Received	167,656	20,398
	1,033,486	1,007,401
Group Profit Before Taxation and Extraordinary Items	556,374	496,922
Dividends		
Preference Shares	3,442	3,570
Ordinary Shares	225,637	182,354
Earnings per 25p Ordinary Share	8.9p	9.2p

Forward ordering of bricks in 1976 is substantially stronger than last year.

I look forward to a year of further progress for our Group.

RUPERT SPEIR
Chairman

Crossley Building Products Limited, P.O. Box 33, Stockton-on-Tees,
Cleveland

Spear & Jackson waits for second half

THERE CAN be no change in trend until the improvement in the world economy is reflected by an increase in order flow at Spear & Jackson International, states Mr. S. M. de Bartolome, chairman, in his annual report.

The directors are determined to continue the growth of the past decade, interrupted by the 1973 setback. However, due to the order book structure, first half profits "will remain at a low level and a return to growth is not expected until the second half."

In the U.K. the industrial company continues to trade profitably but at a lower level and the tools company shows signs of improvement. The economies of Canada and the U.S. are now more buoyant and North American companies should do better than in 1973, he adds.

In France, there are signs that the economy is improving but this has not yet affected the engineering industry and AMV is currently working substantially below capacity.

The Swedish economy, or certainly the forest industry, shows signs of improvement though this has not yet made any impact on the low rate of orders experienced over the past six months. In Sweden, 1976 will be down on 1975, though he hopes for improvements commencing in 1977.

As reported, pre-tax profit for the 33 weeks to January 3, 1976, dropped from £1.57 to £1.19m. on turnover up from £24.12m. to £23.31m. Dividends are up from 7.27p to 7.45p net.

A geographical breakdown of profits shows 70 per cent. (78 per cent.) came from trading companies in the U.K., 94 per cent. (115 per cent.) from other parts of Europe, loss 5 per cent. (20 per cent.) from North America and 23 per cent. (18 per cent.) from Australia.

The company suffered from depressed trading in North America during the second half. In addition there was, in British Columbia, a three-month long strike in the primary forest industry. In the U.K. the hand and garden tool company had a most disappointing year. Elsewhere results were in line with expectations. The industrial company in the U.K. and companies in Sweden and Australia performed better than in 1974.

In the second half combined overdraft and loans were reduced by some £0.8m. Control over stocks has been improved, with

Minet sees further progress

PRACTICALLY every part of Minet Holdings is operating more profitably than at the same time last year and chairman Mr. J. Wallock says he knows of no reason why this should not continue. He is confident that there will be a further "very satisfactory" increase in profits for the current year.

The company reported on April 23, pre-tax profit for 1975 expanded from £4.8m. to £5.98m. and the dividend per share is 3.39p (adjusted 2.16p) net.

The major reasons for the large increase in profit were the further growth of the company's traditional business and the increasing contributions made by the many new ventures which it has started in recent years. Bearing in mind that about 50 per cent. of brokerage income comes from overseas, a secondary factor occurred during 1975. The pound sterling depreciated against most other currencies, so earnings were increased when converted into sterling. All these circumstances, Mr. Wallock's opinion, seem likely to continue.

The forecast share contribution to profits has always come from North America and recently there has been a marked increase in business available to the various companies in the group operating in the area, following the adverse underwriting experience of domestic insurers in North America.

A statement of source and application of funds shows an increase in net liquid funds at December 31 of £4.2m. (£3.9m.). Dividend payments, Rooms, E.C., on May 25, at noon.

Chairman's statement, Page 23

Hamilborne pays more

Refecting a loss in the brick-works and the high costs of

Percy Lane forecasts a marked improvement

MANUFACTURERS of glazed aluminium window assemblies, Percy Lane Group, has adjusted to new conditions and trading patterns and the chairman, Mr. Peter Lane will be disappointed if results for the current year do not show "a marked improvement" on those for 1975.

Group prospects for 1976 must be clouded, however, by the implications that the slump in the building and construction industries hold for Percy Lane (Architectural).

Production has been rationalised and overheads and manning trimmed to economic levels. The company is now dependent upon an upturn in the level of confidence and activity in the building industry.

The order intake at Percy Lane Limited has made a healthy start for the year and the chairman is confident that the improved profitability will make a positive contribution to group results.

Para Press continues its growth in orders and profits and the continuing increase in the demand for its products well for 1976, members are told.

As reported on March 31, pre-tax profits recovered from £11.02m. to £14.37m. in 1975 on turnover of £28.0m. (£25.7m.). The dividend is

1.5p net—the first payment since a total of 2.8p for 1973.

Sales and profits of the Luxembourg company Para Press SA reached record levels of £4.27m. and £0.9m. respectively, but this was partially offset by losses at Percy Lane (Architectural), whose rate of losses was substantially reduced during the second half.

Meeting, Birmingham Airport on May 28 at 3 p.m.

Equitable Life progress

Premium income of the Equitable Life Assurance Society last year increased by £2m. to £24.8m. and investment income rose by £2m. to £15.7m. Claims and expenses were also £2m. higher at £19.2m. and the fund at the end of 1975 stood at £212.6m. after a transfer of £5m. from investment to general reserve.

Main emphasis of the company's investment last year was on long-dated gilt-edged stock because of the historically high yields available. However, about 25 per cent. of new money was invested in equities and property. The equity purchases being mainly confined to taking up the many rights issues available on attractive terms.

Expenditure on property included commitments entered into in previous years and improvements in properties already held. The yield on the fund increased by three-quarters of a percentage point last year.

Meeting, 4, Coleman Street, E.C., May 19, at 12.30 p.m.

Stonehill expansion

Stonehill Holdings, domestic furniture, will increase its potential turnover by more than 40 per cent. to give it £16m. a year capacity when its new plant comes on stream shortly. The equipment has been installed and is currently being test run.

The company has taken an additional 70,000 square feet of space on the North London Lea Valley Trading Estate alongside its existing factories to give it nearly nine acres of covered area.

Mr. P. Steinberg, chairman, says expansion is continuing. The company is currently negotiating for a further large factory adjacent to its present complex.

Mixconcrete ahead

In the first four months of 1976 Mixconcrete (Holdings) is ahead of forecast with the comparable period of the previous year, chairman Mr. John Mackness told the annual meeting.

The target set for 1976 was fair both for sales and profits, he stated. Orders were still on a day to day basis. Last year borrowings had been reduced by £2m. With the further strengthening of the rights issue he now regarded the present level of trading as normal and the group was striving for quality business rather than quantity.

Tyson's record £0.74m.

THE FORECAST profit increase at construction engineers Tyson's (Contractors) turns out to be £742,083—a record—for the full year 1975, compared with £601,732 in the previous 12 months, after £113,337, against £226,434 in the first half. Turnover increased from £5.32m. to £12.66m. at year-end.

Earnings are shown to be up from 3.8p to 6.8p and the dividend is 1.82p per 10p share (1.73p).

Tax takes £400,716 (£211,638), leaving £341,367, against £390,114.

Sharpe and Fisher improving

The present sales trend at Sharpe and Fisher continues the major improvement in the last four months of 1975, reports chairman Mr. K. J. Fisher in his annual statement.

And if this is maintained throughout 1976 then the effect should be more apparent than in 1975, which saw a pre-tax profit improvement from £0.09m. to £0.70m. in an extremely difficult year, he adds. Dividends are 1.92p net (£1.51p).

The directors, he states, have confidence in the future of the industry and the company's ability to advance. Sharpe and Fisher trades as builders merchants and retailers of "D-I-Y" and electrical goods.

The chairman states that operations have been modernised and sales areas expanded.

A statement of source and application of funds shows a decrease in short term loans of £108,824, compared with a £210,000 increase, and a decrease in bank overdraft of £5,320 (£158,784).

Meeting, Cheltenham, May 26, noon.

Chairman's statement, Page 22

BOARD MEETINGS

The following companies have announced dates of Board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's practice.

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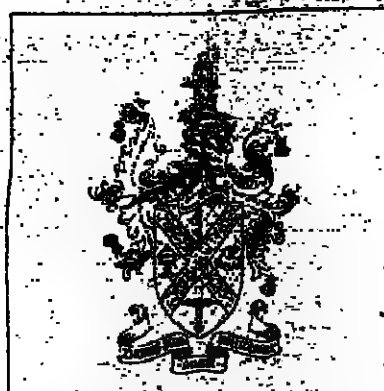
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Pearl Assurance Company Limited

Statement by the Chairman, Mr. S.C. McIntyre, MBE, FCLIS



I must preface this statement with a reference to the great loss suffered by the Company from the untimely death last May of the then Deputy Chairman, Mr. E. F. J. Plumridge. He had given long and invaluable service to the Company, notably in the investments field and in more recent years also as a director and as Deputy Chairman.

Following upon the death of Mr. Plumridge, the Directors appointed Mr. F. L. Garner to be Deputy Chairman. They also appointed Mr. A. Younger to be a Director while retaining his responsibilities as a Deputy General Manager. His long experience, particularly in the marketing and sales area, is of great value to our deliberations.

Our results for 1975 have to be seen against an economic situation that was steadily worsening for much of the year. It is difficult for a life office to raise new business production adequately in a time of high inflation, and virtually impossible to increase premium income at the inflation rate. However, we did achieve a significant increase in combined new life premiums which exceeded £20m for the first time, while new sums assured passed a fresh landmark in exceeding £500m. The increase in life premium income was about 11.1 per cent compared with 8.2 per cent for 1974, and the combined life premium income figure topped the £180m mark for the first time. The general branch premium income rose by nearly 8.1 per cent to £23.8m, in total, with the Home figure rising by 23.1 per cent to £21.1m.

New Life Business

The significant increase in new life business in 1975 applied equally to both branches, except in the ordinary branch, for considerations for annuities.

In the industrial branch, new annual premiums were up by 19 per cent to £13.0m. New sums assured, at £201m, showed an increase of £30m.

In the ordinary branch, new annual premiums were up also by 19 per cent, to £7.3m. New sums assured were £347m, compared with £285m; and new considerations for annuities were £3.3m as against £3.7m.

Life Business in force

The total life business in force at 31st December 1975 comprised sums assured and bonuses of £2,888m, compared with £2,360m for 1974, and annuities and bonuses of £23.5m compared with £21.7m.

Combined premium income for 1975, for the two life-branches, was £100.7m, an increase of £10.5m over 1974, with the industrial branch continuing to show a proportionately greater increase.

Total payments to policyholders for the year—claims, annuities and surrenders—came to £74.3m compared with £72.3m for the previous year. Combined death claims at just over £15m were about £2m more than in 1974 but there was a marked fall in surrender payments in both branches. This was the combined result of some increase in the amount of business being surrendered and of the effect of a significant reduction in our scales of surrender values that we had been impelled to make as a result of the serious fall in asset values in the latter part of 1974. We have, in fact, recently been able to increase our surrender value scales although not back to the former levels.

In both branches there was again, unfortunately, a serious increase in the expense ratios—up from 37.08 to 39.26 per cent in the industrial branch and from 29.87 to 32.51 per cent in the ordinary branch. New business growth partly accounts for the increases but major elements are again salaries, National Insurance and other staff-related costs, and the cost of postage and telephones and of rents and rates.

Terminal Bonuses

As I have explained in the past, our terminal bonus system is based on the average of the net rates of appreciation shown by the relevant assets as at the twelve months up to the valuation date, together with significant smoothing elements designed to even out the extremes of these average net appreciation rates. These features put a floor under the terminal bonus rates but correspondingly have a limiting effect on the higher levels of the bonus. As I pointed out last year the effect of the system—which we must apply consistently from year to year if it is to serve its purpose—was to permit a declaration for 1974 of significant terminal bonuses. The average net appreciation rate over

1975 has been higher than the average was for 1974 but it in fact still leaves our floor rate operational for the 1975 declaration.

Inflation

I commented last year on the paramount need for the Government to lead the way in enabling the nation to conquer inflation. There is a welcome, though so far small, indication that some success is being achieved in that direction. Since medium term and long term savings institutions would be very seriously affected by a prolonged period of even moderately high, let alone really high, inflation, we must all support all actions that will help to eradicate this serious social evil. It is important that the Government's professed intentions should succeed not only for this year but also in 1977 and beyond, because the ten per cent target for the end of 1976 is still far too high a rate. The fostering of expectations of greatly lowered inflation is a very important element in the nation's struggle to get the economy back on to a sound basis, and the Chancellor's announcement in the Budget Statement of an objective to halve the inflation rate again by the end of 1977 is welcome in this context.

Most of our Field Staff are employed on contracts that include an element of commission and therefore provide a good deal of automatic increase in earnings to offset inflation. But this is not so for our clerical staff, and I am glad to say that in our negotiations with them they have recognised the Company's problems in these difficult times, including the need not to erode our competitive position. The protection of the staff's jobs has to be a high priority in the minds of both company and union negotiators.

The Burden of Legislation

I mentioned last year our general attitude towards the Policyholders' Protection Bill. This Bill reached the statute book in November in a form that was broadly acceptable to the industry and indeed a number of useful amendments were introduced in the later stages of the Bill.

The making of regulations under the Insurance Companies Act 1974 continues to amend and add to the returns that companies have to make to the U.K. supervisory authorities. On the whole, we recognise that more detailed returns have become desirable as part of the means by which the Department of Trade carry out their very important duties. But the additional burden of work and expense that is involved in providing all this extra, detailed information, much of which, incidentally, is quite different from the information that companies use for their day-to-day operations, for bonus decisions and for reporting to shareholders, should never be overlooked. The latest regulations set out not only the bases for valuing various assets but also the maximum percentages of the long-term business assets and the other assets (separately) that may be counted, in respect of individual investments, towards the asset cover for the liabilities. Regulations as to the valuation of liabilities are expected shortly and also an extensive revision of the voluminous accounts and forms that we have to complete for submission to the Department.

I mentioned also the Social Security Acts and expressed my reservations about the Government's attitude to contracting out from the earnings-related component of the new-style state pensions. Those reservations were linked with the underlying open-ended commitment that employers would have to undertake in respect of employees who leave. The possibility of avoiding the open-ended commitment has now been provided by means of an alternative under which the employer undertakes to give to employees who leave after sufficient service a paid-up pension that represents at pension age the accumulation of his or her 'earned' guaranteed minimum pension at no less than 8.1 per cent per annum. As an example of the effect of this—for schemes providing common levels of final salary pensions an employee whose earnings are within the state scheme range and who leaves (in 1988 or later) at age 30 after ten years' membership would have to be given a paid-up pension commencing at age 65 of the order of eight or nine times the ten years' accrual of benefit based on his pensionable earnings at the time of leaving. It is an interesting commentary on the extent of the Government's confidence in the success of its anti-inflation programme that it can ask employers to undertake such a commitment over such long periods ahead, and to fund their schemes on that basis. It is not easy to see how this provision squares with the Chancellor's welcome announcement of a 5 per cent inflation rate target for the end of 1977 and with the implications of that for medium and long-term interest rates.

There is another Act that on the face of it has little relevance to insurance companies—the Consumer Credit Act. This is primarily directed at companies and traders whose

business is the provision of credit or of services such as credit brokerage, debt counselling and so on. Insurance companies, and in particular, life offices, are 'caught' by this extremely involved piece of legislation because, incidentally to their main operations, they may lend money for house purchase or to policyholders on the security of life policies, within their surrender values, or because they make loans available to their staffs for specified purposes as part of their conditions of service, or because they charge monthly premiums that represent quarterly or yearly premiums payable by instalments or because their staffs may give advice as part of the general service provided by offices to policyholders or potential policyholders. Some of the consequences seem likely to add materially to the costs of incidental services that offices have traditionally provided, or of ways in which offices have long conducted their business. It is a sad commentary on the potential consequence of modern consumerism that it leads to legislation that may well force offices to decide to cease doing perfectly reasonable and innocent things for the benefit of their policyholders—and that is what could well happen unless the authorities use their regulation-making powers under the Act to relieve life offices of the worst of the potential difficulties.

I make no apology for having written at length on these matters. These four pieces of legislation alone must have cost the industry many hundreds of high-level man hours during recent years both within individual offices and at the Associations, whose committees and working parties absorb much time of offices' senior staff for the general benefit of the Associations' memberships. When the current flow of regulations is completed it is to be hoped, SEC harmonisation notwithstanding, that the industry may be left a long period of relative freedom from additional legislative burdens.

Capital for Industry

There have recently been many accusations, mainly from political sources, that the investing institutions are failing to put enough new capital into the Country's industry. Such accusations are ill-founded. It is not the investor, who has the power to decide when a company should raise more capital, it is the Board of the company concerned, and Directors will rightly not seek to raise capital if they see no reasonable prospect of rewarding it. When it is accepted that industry must be allowed to prosper if living standards are to be improved, then industry will be encouraged to expand. Those companies which have felt able to expand in their particular fields have not been inhibited by lack of finance.

On a narrower point within this context, there has been much comment and a wide spread of opinion expressed about proposals for the setting up, by groups of financial institutions, of an organisation to channel equity capital into companies which can demonstrate its viable employment but which for one reason or another are unable to obtain it by normal means. We ourselves are far from convinced that there is a significant gap in the present system.

However, we would not wish to see deserving businesses being unable to obtain capital. If it is possible to set up a quite limited operation, supervised by a Board determined to ensure that finance is provided only in cases where no other channel is available, and only to businesses which can offer reasonable prospects of success, and if the advisory or supervisory function is clearly restricted to companies where a financial interest exists, then, provided there is an adequate spread of representation from all the relevant investing institutions, we would feel able to participate.

Board Structure

A special resolution is being submitted to Stockholders at the Annual General Meeting proposing an effective increase of two in the maximum permitted number of Directors and a reduction in the qualification stockholding. Over recent years, as Stockholders are aware, there has been a reshaping of the structure of the Company's Board. We now have on the Board four senior officials, who have directorial responsibilities in addition to and distinct from executive functions. It is considered necessary that there should also be a reasonable number of non-executive directors, drawn mainly but not necessarily entirely from the ranks of retired officers of the Company whose experience will be of great value in their supervisory and policy-making role. Maintaining an appropriate balance could in future call for a small increase in total numbers. All Board appointments have been, and of course continue to be, subject to Stockholders' confirmation at the next Annual General Meeting.

With a view to adding further to the flexibility of the Board arrangements, we are also proposing in the special resolution that the Articles should provide for the possibility of two Deputy Chairmen. There is no intention to make two such appointments on the full-time basis that has

applied so far, but it could be appropriate from time to time to appoint two non-executive directors to share the responsibilities of Deputy Chairman on a part-time basis, and we are of the opinion that it would be helpful for this course to be available.

I can assure Stockholders that the proposals would involve no significant increase in the cost of their Board, and indeed despite inflationary times the changes made in recent years have resulted in a quite considerable reduction in the aggregate remuneration of Directors and those senior official posts whose present incumbents are also Directors.

In times when the accumulation of capital, even by senior employees, is greatly inhibited by extremely high taxation, it is not thought reasonable that the appointment of a Director should be conditional upon the acquisition of a stockholding costing currently around £5,000, and which at times has cost as much as £8,000. This is particularly true where the appointment is entirely non-executive. Hence the suggestion of a reduction to 500 units, valued today at around £1,250.

Investments

The balance sheet shows separate figures for the long-term, short-term and stockholders' funds. The long-term business dominates the scene and these comments deal mainly with the figures for the Company as a whole.

Total assets of the Company at balance sheet value rose by £58m to £836m after writing up the equity and property portfolios by £4.5m and £1.7m respectively (in each case net of tax provision).

Gross investment income increased by £8m to just under £89m. The percentage contributions by main sources, for last year and 1974 were:

British Government securities (including future redemption profits)	22.7	(22.8)
Debt and loan stocks	14.4	(18.8)
Mortgages and loans	10.0	(10.3)
Property	12.8	(12.0)
Ordinary shares	31.0	(28.8)
Other assets	8.1	(8.7)

At the year-end, short-term deposits in the United Kingdom amounted to £30.1m compared with £57.1m the year before. Of such deposits £25m related to the long-term business and represented 3.2 per cent of the long-term assets.

The prospect of a significant reduction in the rate of inflation together with the level of interest rates obtainable last year provided a basis for a reversal of policy and a resumption of investment in fixed-interest securities. The policy of investing in sound U.K. industrial equities, both on grounds of value and in the belief that basic economic activities have defensive qualities in real terms, was continued. During the year the gilt-edged portfolio was increased by some £25m against a reduction of £9m in 1974. Other fixed-interest investments showed little net change. Gross advances under house purchase mortgages totalled £12.1m, with net lending amounting to £8 million.

Net equity investment, largely in United Kingdom shares, exceeded £26m of which £8m went to finance industrial and commercial companies raising new equity capital through rights issues. Additionally £6m was spent on the acquisition of the 51 per cent of the ordinary capital of New London Properties Limited not previously owned by the Company, and the total cost of New London shares now appears in the subsidiary companies' figure.

Net investment in property amounted to £11.1m, including £3.3m of expenditure on our building at Peterborough, which now houses our computer operations and related departments. The forward programme at the year-end comprised planned purchases and developments totalling £5.1m.

The year-end valuation, at mid-market prices for quoted investments, directors' valuation for unquoted investments and based on the directors' consideration of a valuation by the Company's surveyor for real property, showed the following figures in relation to balance sheet values (1974 figures in brackets):

	Balance sheet value (£m)	Year-end valuation (£m)	Appreciation (+) or depreciation (-) (£m)
Ordinary shares	255	422	+167 (+65)
Fixed-interest securities	289	241	-48 (-16)
Real property	121	192	+71 (+58)
Loans and mortgages (mainly house purchases)	100	85	-15 (-15)

The value of the currency premium on overseas investments at the year-end which amounted to just over £27.1m (1974—£19m) after allowing for potential surrender requirements, has been ignored in the valuation shown.

The foregoing figures include those relating to the short-term and the stockholders' funds where there is a net appreciation of £10.2m on stock exchange securities on a combined asset total in the balance sheet of £45.4m. To this appreciation should be added £950,000 of currency premium net of contingent surrender obligation.

The figures I have given do not allow for the tax that would be payable or recoverable on a realisation of gains or losses on the investments.

The yields on the life funds were 8.95 per cent (8.47) in the Ordinary

branch and 8.97 per cent (8.48) in the Industrial branch.

The investment income of the short-term fund was £2.94m (£2.44m) and that of the stockholders' fund £1.08m (£1.08m).

Life Valuations and Bonuses

The valuations of the life liabilities have been made on the same bases as for 1974—and those, as I explained last year, were unchanged from 1973 because we had decided to retain our normal balance sheet asset valuation, and this enabled the Actuary to maintain the 1973 bases.

In the ordinary branch the surplus for the year was some £2.3m higher than in 1974 at almost £20m. We have been able again to increase the reversionary bonuses on United Kingdom policies, and also to declare an additional reversionary bonus, of a non-repetitive nature, on certain older 'Pension Business' policies (mostly 'self-employed' deferred annuities). As I mentioned earlier, the terminal bonuses are at the same level as for last year.

The bonuses declared for the overseas territories are similar to those for 1974.

In the industrial branch the surplus for the year was £17.7m. The reversionary bonuses are at the same rates as for 1974, and the terminal bonus, as with the ordinary branch, is at the same level as for last year.

General Branch

Net premium income in the general branch, worldwide, was £23.85m compared with £21.8m in 1974—an increase of 9.4 per cent. The comparison is affected, however, by the considerable reduction in premium income following our withdrawal from Canada announced in the early part of 1975. If the Canadian income is ignored for both 1974 and 1975 the worldwide income increased by 21.5 per cent. The Home income, which comprises the majority of the general branch account, rose from £17m to £21m, an increase of 23.5 per cent. This increase in the Home account did not quite match the rate of inflation, and thus does not in fact represent true growth. The underwriting loss was just under £3m compared with £3.5m in 1974, but investment income earned on the general branch fund reduced the net loss to just under £250,000.

The Home account produced an overall underwriting loss of £1.78m, which is a deterioration on 1974 and still gives cause for concern. The Property account, which is predominantly domestic business, has for many years supported other classes, but the claim ratio has risen again, from 53 per cent in 1974 to 58 per cent in 1975. The other major account, Motor, has increased in volume by 25 per cent, the claims ratio remaining virtually unchanged at 67 per cent. The increase in income is due almost entirely to rate increases rather than growth of business. In the Liability account action has been taken to improve the basis of rating. The loss ratio has improved considerably, being reduced from 98 per cent to 72 per cent, but as the account is still small it is vulnerable to inflationary tendencies and increasing Court awards. A similar significant improvement in loss ratio applies to the Pecuniary loss account but again as this is comparatively small it remains vulnerable to inflationary tendencies. The Personal accident account with a premium income of some £700,000 produced an underwriting loss of about 10 per cent.

Overseas, the major item involved in the overall underwriting loss arose from the run-off costs of our withdrawal from Canada, although I am pleased to record that these have been below the figure we expected when our decision to cease trading there was taken. There are further costs to be incurred in 1976 but thereafter we hope to make provision for the handling of the remaining work at a very modest level.

In Australia, the unsatisfactory experience suffered in recent years by

with them we have agreed that there would be advantages to both of us if Australian Eagle became a wholly-owned subsidiary of Eagle Star. Accordingly an agreement has been reached with them whereby (subject to the necessary consents) Eagle Star will acquire our shareholding in Australian Eagle with effect from January 1976.

In New Zealand our branch (jointly operated with Eagle Star) has continued to produce unsatisfactory results and we have reached the conclusion that there is little prospect of future profitability. Arrangements have been made with The National Insurance Company of New Zealand Limited under which they have taken over both our business and that of Eagle Star from 1st April 1976. Our other overseas branches are those in Central Africa and Portugal and in both areas our staffs are facing difficult times. In Central Africa the profitable outcome we have seen for many years past has been continued and the growth of our business has been maintained. In Portugal the underwriting result has been marginally unfavourable and we await decisions by the Portuguese authorities to enable us to effect changes which, I hope, will improve the working arrangements of our branch and our subsidiary company there, Companhia de Seguros Portugal.

We also have subsidiary insurance companies in Brazil and the U.S.A. Monarca's growth in Brazil is hampered by the necessity to make compulsory reinsurance cessions to the State reinsurance institute which are not balanced by reciprocal cessions from the institute. Nevertheless Monarca's underwriting loss is marginal and continued good investment results produced a record profit for the year.

Monarch of Ohio, which is predominantly a long-term fund investment, again had a poor year with a substantial trading loss. Its business falls into two main areas: the first being a volume of domestic business written through an agency force and this, in line with the market, has suffered not only from the effects of inflation but also from inadequate rating. The remainder of the business arises from participation in various pools and associations and a thorough review has been carried out resulting in the cancellation of a number of contracts. There are signs that more realistic rating levels are now being applied in all areas in the U.S. market and we are hopeful that 1976 will see an upturn in the Monarch results.

Premium growth in the marine, aviation and transport account has been slowed by the lower level of premium rates now prevalent. The 1973 account has been closed showing an underwriting loss but this was more than offset by the investment income earned on the funds. After the transfer to profit and loss account the fund is in a stronger position than a year ago. We look forward to seeing expansion of our interest in the aviation market following the appointment of Aviation and General Insurance Company Limited as our aviation underwriters with effect from 1st January 1976.

Profit & Loss Account

The main 'income' items of the profit and loss account are transfers from the long-term business totalling £3,582,000 and investment income of £1,084,000, thus maintaining the higher level achieved on the stockholders' fund following the segregation of assets carried out in 1973. There is a transfer of £50,000 from the marine, aviation and transport account.

The general branch results, after allowing for investment income, have led to the need for a transfer out of the profit and loss account, amounting to £249,000.

After meeting the cost of dividends including the proposed final dividend at the maximum level permitted, the balance in the account is £201,000 higher at £2,853,000.

Tribute to the Staff

Inflation in particular and economic conditions generally have continued to hamper the efforts of the Company and the Staff to ensure growth in real terms, which is essential to continuing security and progress for the staff in their jobs. Mutual hard work, taking full advantage of the opportunities and facilities that the Company offers, is and will continue to be the key to success, and it is fitting that I should end this statement with an expression of thanks and appreciation to staff and representatives of all levels, at home and overseas, who contributed during 1975 to our progress towards that end.

The Annual General Meeting of the Company will be held on May 26th at 12 noon at the Registered Office, High Holborn, London WC1V 7EB.



Pearl Assurance Co. Ltd., High Holborn, London WC1V 7EB.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Denmark
arranges
a \$200m.
Euroloan

By Mary Campbell

THE Kingdom of Denmark has arranged a \$200m. Euro-currency loan, London bank sources say. It is believed that the loan has been put together by ten banks without public syndication on the Euro-market. Each of the banks is understood to have put up \$20m. The maturity of the loan is reported to be seven years, with the spread rising from 1 1/2 to 1 3/4 per cent.

Norway, the Norwegian company which is responsible for construction, maintenance and operations of the transport system in the Ekofisk oilfield in the North Sea, is raising \$110m. on the German capital market. Maturity will be 12 years and indicated coupon 8 per cent. Lead manager is Commerzbank.

Panama has arranged a \$8m. Euro-market financing for the Republic's capital investment requirements for 1976. The loan, for which the lead financing is in two tranches, each of \$4m., one tranche offers a spread of 1 1/2 for seven years and the other a spread of 1 1/2 for five years. Lead manager is Citicorp International.

The consolidated net sales of Marul and Co. amounted to \$147.2m. (about £26m.) in the year to January 31, 1976, up from the previous year, 1975, of \$135.2m. Mr. Tadar, the president of the company, said in London yesterday. He was speaking at a meeting to launch Marul's \$25m. convertible Eurobond issue.

Consolidated net income was up by only 3.6 per cent, to \$3.8m., however. This was primarily as a result of expenditure on store renovation and enlargement in anticipation of the expected economic recovery, and of increased taxes, Mr. Ael said.

Non-Japanese shareholders already own more than 20 per cent. of Marul's share capital. European shareholders are apparently particularly prominent and that is the main reason why the company preferred to issue its convertible in Europe rather than the U.S.

'More aggressive' policy
planned by Nestlé in 1976

BY JOHN WICKS

THE SWISS-BASED foodstuffs concern Nestlé Alimentana S.A., Vevey, intends to carry out a more aggressive marketing policy this year, according to its managing director Dr. Arthur Fueter, with a view to increasing market penetration and a "less reserved" position than in 1975 on acquisitions, Fueter stressed.

However, that the company would be interested only in undertakings which from the start would show a good return on investment.

This year's business looked good so far, said Fueter at a Zurich Press conference, although higher coffee and cocoa prices were bound to be felt. Some hundreds of millions of Swiss francs could be incurred in inventory costs as a result of increased investments this year. "It will be between Sw.Fr. 700m. and 800m., having dropped by some Sw.Fr. 70m. to Sw.Fr. 685m. in 1975."

For last year, a breakdown of Nestlé group turnover of Sw.Fr. 18,280m. (1974: Sw.Fr. 16,820m.) into product groups shows almost unaltered shares of 30.8 (30.4) per cent. for instant and liquid drinks, 23.4 (24.5) per cent. for milk, cheese, yoghurt, and other chilled products, and 20.1 per cent. (same) for soups, bouillions, seasonings, prepared dishes, and sundry products. Other production areas were chocolate, cocoa and confectionery with a decreased share in group sales.

Export growth at Tadiran

BY L. DANIEL

TADIRAN, Israel's largest electronic group, expects to reach an export volume of \$55m. this year, compared with \$50m. in 1975 and only \$18m. in 1974.

This reflects the company's policy of diverting more and more of its output to exports, since the local market has become too small to absorb the major part of production, and since demand for its communication equipment by the Ministry of Defence and of Communications has declined significantly in quantity, due to budget cuts.

Thus, despite the increase in production, the share of exports in total output rose from 20 per cent. in 1974 to 40 per cent. in 1975 and is expected to account

for fully half this year. Exports are going to 50 countries. In terms of continents, Asia is the largest market—\$10m. in 1974, \$25m. in 1975, and an expected \$45m. this year.

South America ranks second with \$5m. in 1974, \$10m. in the following year, and an anticipated \$25m. in 1976.

The balance is widely spread with South Africa, for example, beginning to be an important outlet. But there, the accent is on the establishment of local plants—partnerships with Tadiran with local concerns.

Thus a factory for the production of nickel-cadmium products and batteries is currently being set up in South Africa to cater to demand in the South-Western region of that continent, with a strong possibility of exports to Europe. Full production levels will be reached at the beginning of 1977. Anticipated sales for the first year are put at \$2.5m., with a further increase forecast for 1978.

Another joint venture in South Africa is a recently established company owned by Tadiran and the South African Conlite Company which produces emergency

lighting equipment, which will take part of the battery plant's output. Orders expected here from South Africa this year are put at \$4m., compared with several hundred thousand dollars worth in 1974-75. An increase to \$10m. is expected for 1976. Moreover, more joint ventures are under discussion.

In product terms, military equipment accounts for the lion's share of exports (that is, 80 per cent.) with the remainder made up of professional equipment and consumer items.

Since the group cannot hope to compete abroad on any significant scale with foreign producers in the fields of TV sets, refrigerators and other durables which it makes for the local market, the consumer items being sold abroad are mainly air conditioners, car radios, batteries, and such components as semiconductor and crystals. The group is now engaged in an intensive research programme on the use of solar energy for the operation of air conditioners. It is hoped that this research will bear practical fruit within 3-4 years.

Net loss marks nadir
for Chrysler France

BY RUPERT CORNWELL

PARIS, May 3.

CHRYSLER-FRANCE, long a company's fortunes. By all accounts, Chrysler's year was operating at a profit in the closing stages of 1975, and it is well known that the trend had continued into the early months of 1976.

The reason, of course, is the strong recovery in the domestic French market and the outstanding success here and elsewhere of the recently introduced 1307 and 1308 models.

The latest available figures confirm the upswing. Total 1975 output of passenger vehicles and smaller commercial vans by the company came to 49,013 units. For the first quarter alone of this year the company produced 12,444 units, equivalent to a full year of some 49,000.

Registrations for the whole of last year were 122,396 units. In January and February, 1976, alone they reached almost 30,000 and would probably have been higher still but for the lack of new production capacity for the 1307 and 1308.

Chrysler France has traditionally been strong on the export side with deliveries abroad more than double French sales. However, now it clearly stands a good chance of lifting its share of the home market to about 10 per cent. that is widely considered a minimum viable level. Last year its penetration was only 8.9 per cent. and the year before 8.8 per cent.

Every sign, however, is that 1976 marks the bottom of the

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INFLATION ACCOUNTING

SEC moves on disclosure

BY STEWART FLEMING IN NEW YORK

THE U.S. is probably the most advanced industrial country currently least concerned about inflation; it has none the less become the first to require its major manufacturing companies, by law, to position their accounts in inflation on their operations.

This bold decision was taken at the end of March by the agency charged with protecting investors, the Securities and Exchange Commission. Having weathered a storm of opposition to its initial thoughts on the subject, the SEC's sudden move from discussion to implementation has left its opponents floundering.

The SEC's action takes the form of amendments to its corporate disclosure regulations and will require companies to add to their 1976 balance sheets, published early in 1977, footnotes setting out the impact of inflation on specific balance sheet items.

Less sweeping

In arriving at what form of inflation accounting to adopt, the SEC has taken up a position similar to, but far less sweeping than, that adopted by the Sandilands Committee in Britain.

It has taken the view that replacement cost accounting is the most appropriate adjustment to inflation. In doing so it has

inflation is corrected for by applying price index criteria.

While the SEC's decision has the force of law and it is in its own right an influential body, it could not push through an inflation accounting revolution on its own.

And when its proposals are examined in detail, it is clear that they fall far short of the sort of fundamental shift envisaged by the Sandilands Committee.

So while the SEC decision places a new burden of disclosure on corporations and is therefore in line with its role as protector of the investor it will not affect the way a company's tax is assessed by the Internal Revenue Service.

In essence, the SEC's new rules require that companies with inventories, property, plant, and equipment valued at over \$100m. and accounting for over 10 per cent of gross assets must include in their accounts footnotes, containing inflation adjustments, the footnotes must disclose the estimated replacement costs of inventories (that is stocks) and productive capacity.

the end of each fiscal year for which a balance sheet is required. They must also disclose the approximate amount of cost of sales and depreciation based on replacement cost for the two most recent full fiscal years.

The companies are also required to disclose how they have arrived at these replacement cost figures. But the information may be presented either as a footnote to the financial statements or in a separate section of the accounts and in either case will be designated "unaudited."

Thus whereas Sandilands envisages sweeping away the traditional historic cost accounting, the SEC is only requiring the major corporations to include what it concedes may be subjective estimates of the impact of replacement cost accounting in unaudited footnotes.

Most important it has also ducked the issue of what to do about monetary items and (therefore) the impact of inflation on financial businesses. It is only

non-financial concerns which come within the orbit of the new disclosure requirements. The banks, for example, are unaffected.

One of the curiosities about the SEC's position is that in a number of ways it has recognised the limitations of the information it is requiring.

It has for example had to introduce what it terms a "safe harbour" exclusion which makes amusing reading for anybody unfamiliar with the vulnerability of U.S. businesses to legal suits.

This exclusion reads that the commission will recognise that the provision of replacement cost data has been prepared with reasonable care and in good faith and is presented with adequate disclosure. It will not constitute evidence of its imprecision and subjective basis, an "untrue statement of material fact," or a "manipulative, deceptive or fraudulent device."

It has also decided that companies may show the replacement cost data in terms of ranges rather than single figures and discuss the imprecision of the new data, indicate their plans for replacement or non-replacement of assets and indicate, for example, the likely impact of changing technology on the cost structure.

One of the strongest criticisms of replacement cost inflation accounting is that if you intend to replace plant with something entirely different because of technological change, the meaning of replacement cost may be hard to define.

The SEC also intends to give companies freedom to discuss the impact of monetary items on their position, including for example the benefits of repaying debt in depreciated dollars.

While the flexibility of the

SEC approach may have its virtues it has not satisfied the agency's opponents. Indeed, the flexibility itself is one of the elements most criticised, on it grounds that in so new and so active an area companies would like to have clear practical guidelines about how to satisfy the SEC.

There are also anxieties about the cost of setting up the new systems, at least among medium-sized companies affected. Currently, however, business seems to have taken the view that this might as well be done as not done and that the impact of the replacement cost footnotes on accounting is likely to be less significant than it would have been a year ago.

The implications for individual adjusted profits are also serious now that corporate earnings are recovering sharply from last year's serious setbacks.

Another factor has also made the inflation accounting controversy less crucial. At one time the business community saw as a possible weapon to reinforce case for changing and possibly reducing its tax bills.

In a presidential election, and with the business community aware that its status society has been damaged by recent scandals, it is all too evident that Congressmen voters are in no mood to be the tax burden on major corporations. So the corporate are preparing to disclose replacement cost data next year. The SEC has, it seems, won a major battle, but it is an important point of principle and could become more important in practice should inflation quicken.

Amoco turns down joint bid

BY JAMES FORTH

SYDNEY, May 3.

NEGOTIATIONS for the Australian petroleum group, Ampol Petroleum and H. C. Sleight to acquire the Australian operations of the U.S. group Amoco have broken down. Amoco Australia, which is owned by the U.S. giant Standard Oil of Indiana, reported today that a joint proposal to buy the company's assets had been received and rejected. No further consideration was being given to the proposal and discussions between the companies had ceased.

Amol Petroleum and H. C. Sleight had been working on the proposal for several months. Both companies face the need for additional refining capacity. Sleight had been considering building a joint-venture oil refinery in New South Wales with Broken Hill Proprietary Company and Amol had been looking at putting up a jointly owned refinery in NSW with the French group Total. However, both of these proposals were abandoned.

The bid price has not been disclosed. It is suggested that ASIOCO wanted \$100m., but could have been prepared to go a little lower. However, it is considered that the price offered by the Australian companies was too low.

Amol and Sleight were reluctant to bid too high because conditions in the petroleum industry are difficult and Amoco incurred a small loss in 1974. It is suggested however, that Amoco will

report a record profit for 1975, largely because of price increases granted during the year by the Prices Justification Tribunal.

Commenting on the breakdown of talks, Amol's chairman Mr. W. M. Leonard said: "Apparently the value placed on their assets by Amoco is far greater than Amol's assessment after four months of detailed and intensive investigation."

"Our plans for the expansion and improved flexibility of the

Amol refinery at Lyttelton, near Brisbane, will now be expedited, and we are continuing to examine the alternatives open to us for refining capacity in NSW," he added.

It is considered unlikely that Amol will reactivate plans for a joint refinery with Total, largely because of a sharp escalation in capital costs. An arrangement for the U.S. group Amoco to expand its NSW refinery with some of the product earmarked for Amol is more likely.

Allied Mills recovery

BY JAMES FORTH

SYDNEY, May 3.

ALLIED MILLS, Australia—the food processor, distributor and exporter, staged a strong recovery in the half-year to February 29, lifting earnings by 71 per cent. to \$42.1m.

The \$42.1m. earned in the first half of 1974-75 was, however, depressed; it was almost 28 per cent. less than earned in the same period of 1973.

The improvement in the latest half follows on from a strong second-half performance in 1974-75 which enabled the group to finish with an almost steady profit of \$42.3m. for the year to August 31.

The latest result is not unexpected. The directors predicted a substantial increase in first-half profits late in March, when announcing simultaneous scrip and cash issues.

The latest profit increase was achieved on a lift in sales of only 10.9 per cent., from \$477.5m. to \$528.3m. The result equates a return of 2.44 cents per dollar of sales.

The profit was after a sharp jump in tax from \$457,000 to \$417,000 and a lift in depreciation from \$41,600 to \$41,800.

As forecast, the interim dividend is 4.5 cents a share, but will not be paid on shares from the final dividend issues. The final is expected to be 3.75 cents, establishing an annual rate of 7.5 cents a share.

John Wicks writes from Zurich: Depreciation rose to Sw.Fr. 18.3m. (14.8m.) over the year. The Board is to recommend unaltered dividends for 1975 of Sw.Fr. 65 per share and Sw.Fr. 13 per participation certificate.

PERNOD-RICARD SA: Provisional net 1975 parent company profit was Frs. 31.1m. (24.5m.).

Early announced net group profit was Frs. 121.6m. (up 47 per cent.). Reuter reports from Paris.

Coca-Cola maintains its forecast

COCA-COLA COMPANY still expects earnings for 1976 to be significantly ahead of 1975's. The company said that Amour-Dual operations resulted in a record quarter but that transportation group profits declined sharply because of losses in intercity operations.

Coca-Cola reported first quarter earnings of \$57.5m. or 96 cents per share, up from \$46.8m. or 75 cents per share a year earlier. Mr. Austin attributed the decline to a 30 per cent. drop in syrup prices from last year's first quarter due to a pass-through of lower sugar costs.

Greyhound up

GREYHOUND CORP., Reuter reports from New York, achieved first quarter earnings per share

of 32 cents (18 cents), net income was \$13.5m. (\$11.6m.) from revenues of \$67.9m. (\$59.8m.).

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of 32 cents (18 cents), net income was \$13.5m. (\$11.6m.) from revenues of \$67.9m. (\$59.8m.).

The company said that Amour-Dual operations resulted in a record quarter but that transportation group profits declined sharply because of losses in intercity operations.

Coca-Cola reported first quarter earnings of \$57.5m. or 96 cents per share, up from \$46.8m. or 75 cents per share a year earlier. Mr. Austin attributed the decline to a 30 per cent. drop in syrup prices from last year's first quarter due to a pass-through of lower sugar costs.

Greyhound up

GREYHOUND CORP., Reuter reports from New York, achieved first quarter earnings per share

We are pleased to announce that

JOSEPH N. COHEN

has become associated with us as a

Vice President in our International Department.

Kuhn, Loeb & Co.

New York Chicago San Francisco
International Affiliates
London Tokyo

This advertisement appears as a matter of record only.

US\$20,000,000
Medium term loan to
The State of Bahia, Brasil

Managed by

FIRST NATIONAL BOSTON LIMITED
DG BANK DEUTSCHE GENOSSENSCHAFTSBANK
HARRIS TRUST AND SAVINGS BANK
MARINE MIDLAND BANK

and provided by

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BANK EUROPEISCHER GENOSSENSCHAFTSBANKEN
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DG BANK DEUTSCHE GENOSSENSCHAFTSBANK
THE FIRST NATIONAL BANK OF BOSTON
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MARINE MIDLAND BANK
MIDLANTIC NATIONAL BANK
UNITED VIRGINIA BANK

Agent



THE FIRST NATIONAL BANK OF BOSTON

MAY 1976

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	YTD	Offer	CONVERTIBLES	YTD	Offer
Australia 10% 1982	102 1/2	102 1/2	American Express 4 1/2% 87	92	94
Belgium 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Canada 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
France 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Germany 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Italy 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Japan 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Netherlands 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Spain 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Sweden 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Switzerland 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
UK 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
US 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
West Germany 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94
Yugoslavia 10% 1982	92 1/2	92 1/2	Amoco 4 1/2% 87	92	94

Globo sales drop

TURNOVER of the Globo department store group, headed by the Zurich company Magazine Zumbach, fell by 3 per cent. to Sw.Fr. 306m. last year, with group profits down sharply from

Pernod contrasts

PERNOD-RICARD SA: Provisional net 1975 parent company profit was Frs. 31.1m. (24.5m.).

Early announced net group profit was Frs. 121.6m. (up 47 per cent.). Reuter reports from Paris.

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BRAZILIAN INVESTMENTS S.A. Net Asset Value per Depositary Share as of 31st March 1976. U.S.\$93.16. Listed: The London Stock Exchange.

United States Government Guaranteed Ship Financing Bonds

Issued by

Yeon Shipping Corp. and Northwest Shipping Corp.

wholly owned subsidiaries of

Schnitzer Steel Products Co.

"I love what I do because I love the sea. I've done it rather successfully with help from Midland Bank"

-Mike Gibb, Chairman of M. S. Gibb Ltd.



M.S. Gibb Ltd manufactures a very wide range of specialist sailing boat equipment.

The Gibb story is one of one man's love of the sea, which led to the development of a major export company in its field.

The growth of Gibb

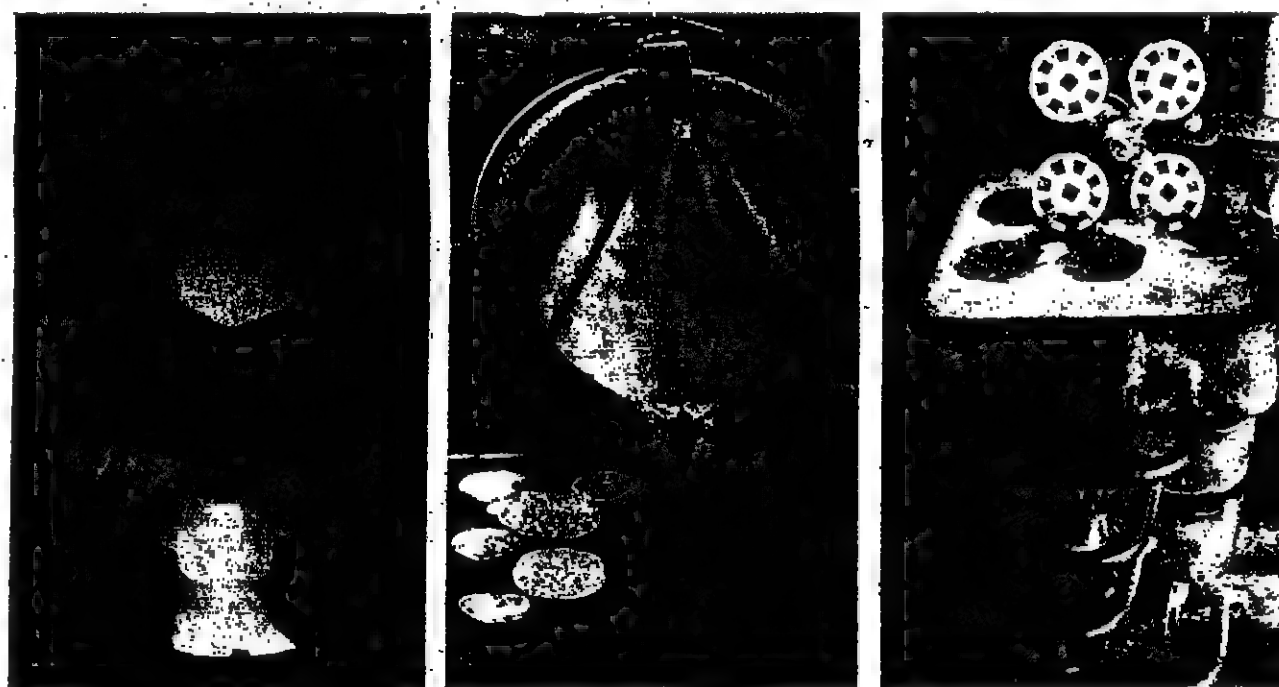
After wartime service in the Navy, Mike Gibb started up as a general marine engineer. Soon,

in 1947 to enable the three-man company to get established.

Today, 65% of the total business of M.S. Gibb Ltd is export business. There are subsidiary companies in the USA, Canada and South Africa, and the Midland gave the basic help and advice needed. For the USA operation, Midland Bank organised currency transactions and advised on transfer of stocks. It also introduced the company to potential USA customers. The Bank has advised on business trends, arranged export facilities and documentation and provided market information.

What the future holds

Mr Gibb plans to expand manufacturing expertise and concentrate more and more on export (business in Canada alone



Cast Components are hand-finished to the most exacting specifications.

his design talents and interest took him into the more specialised field of yachting equipment.

Because his father and grandfather had been Midland Bank customers, it was natural that Mr Gibb should turn to the Midland

has increased ten-fold in only four years). There are also plans to develop the industrial side of the business.

"We discuss all our plans with our Midland manager and rely on the Bank more and more for advice," says Mr Gibb.

"Most of the services required are provided by the Southampton branch, whose Foreign Department is magnificent, and we get support from the International Division through their branch in Southampton. We also use Forward Trust, part of Midland Bank Group, for hire purchase."

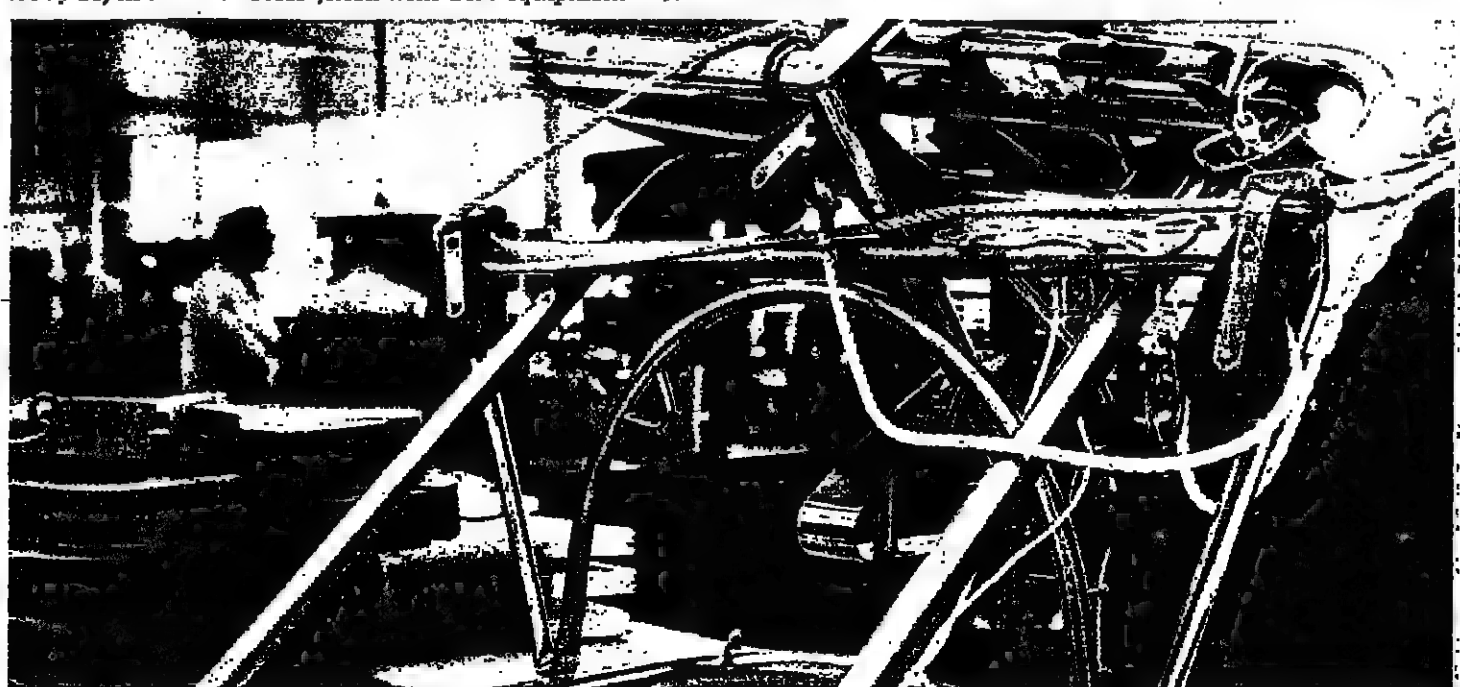
Your local Midland branch can provide you with further details on the range of services available from Midland Bank Group.



Chay Blyth's 'British Steel' fitted with Gibb equipment.



The 2-speed contra-winding winch - another Gibb invention.



M. S. Gibb manufactures some of the world's most advanced steering gears.



Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trustee Company Limited, Midland Bank Trust Company Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc, Bland Payne Australia Limited, London American Finance Corporation Limited, Guyerzeller Zimmont Bank AG.

WALL STREET + OVERSEAS MARKETS LAST PRICES

Early 9.5 fall on Fed money move Pound weaker

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 4

THE RECENT decline quelled on Wall Street today, after Dr. Arthur Burns, Federal Reserve Board chairman, said the Board has lowered long-term targets for growth in the money supply—an action that analysts believe could put upward pressure on interest rates.

By 1 p.m. the Dow Jones Industrial Average was down 9.32 at 897.25 and the NYSE All-Common Index shed 48 cents to 53.63, while declines outnumbered advances by a more than three-to-

Closing prices and market reports were not available for this edition.

one majority. Trading volume further decreased 210,000 shares to 8.51m, compared with 1 p.m. last Friday.

Dr. Burns also said that further downward adjustments in the targets will be needed as the economy returns to fuller employment of its labour and capital resources.

One analyst said: "It's not that dramatic a move, the economy is too vigorous and Dr. Burns merely is trying to temper it a bit and perhaps give it longer life."

Blue chips and "flamers" encountered much of the selling pressure.

Johnson & Johnson fell 1 1/2 to \$28 1/2 after announcing plans for a 2m. common share offering. The firm's stock surrendered \$1 1/2 to \$28 1/2, while the Industrial Share Index shed 1.01m, compared with 1 p.m. last Friday.

OTHER MARKETS

Canada lower

Canadian Stock Markets turned lower in the trading yesterday morning, following the cue from the U.S. interest rate concern on Wall Street.

The Industrial Share Index shed

0.87 to 191.11. Golds 0.49 to 300.74. Base Metals 0.53 to \$9.93. Utilities 1.09 to 140.61 and Papers 0.71 to 128.65. But Western Oil put on 0.33 to 227.61 and Banks firmed 0.18 to 246.19.

Senior Industrial Mines led the way down, with Noranda Mines losing \$1 to \$264 on its sharply lower first-quarter earnings.

Inco dropped \$1 to \$231, as did Alcan Aluminium to \$273.

Van. Valley Industries rose \$1 to \$241, but Dupont of Canada lost \$1 to \$18 on "unsatisfactory" margins.

Canadian Javelin gave way 25 cents to \$2.10—its auditors advised they may amend certification of its 1975 annual report.

PARIS—French shares dropped back broadly in fairly quiet trading, reflecting continued apprehension over the institution of a Capital Gains Tax. All sectors ended on the downside without exception.

Among the losers, the general trend was CDC, Hutchinson, Parifin, DBA and LUT.

The Foreign share also gave ground. Mines, however, showed some improvement. Coppers also advanced slightly.

BRUSSELS—Lenses predominated in very quiet trading. Stocks weakened. Electricals and Utilities were lower. Non-Ferrous Metals were mostly easier, but predominated among Chemicals. Oils were easier, while Holdings were narrowly mixed.

Among the losers, the general trend was CDC, Hutchinson, Parifin, DBA and LUT.

The Foreign share also gave ground. Mines, however, showed some improvement. Coppers also advanced slightly.

Machine Makers mostly gained ground. Steels were mixed, while Metals were lower.

Mining was mixed to lower. Electricals advanced. Stores were predominantly lower, while Breweries declined a little.

Domestic Bonds declined up to DM40 in very quiet trading, with the Regulating Authorities making minor intervention to steady the market and push up the price of the 10-year bond.

Foreign Mark Loans were easier. OSLO—A-B sections quiet.

VIENNA—Irregular in slow trading, with Bank Preferred stock steady.

COPENHAGEN—Generally higher in moderate dealings. Banks were little changed.

MILAN—Generally lower in very quiet trading, reflecting investor reserve following the Italian Government collapse, dissolution of Parliament and calling of June General Elections.

TOKYO—Closed yesterday, due to holiday.

HONG KONG—Lower in light trading.

Hong Kong Bank were down 20 cents to HK\$22.50. Hong Kong Land 10 cents to HK\$7.70. Hutchison 5 cents to HK\$2.95. Jardine 30 cents to HK\$2.90. Swire Pacific 10 cents to HK\$2.90. and Hong Kong & Shanghai 20 cents to HK\$1.90.

Met. Dowell rose 10 cents to HK\$2.90.

JOHANNESBURG—Gold shares were firmer on London buying. There was active trading in Uranium.

Sterling lost ground in the foreign exchange market yesterday, following news that South Wales miners will press for wages of £100 a week. The pound showed a firm trend at the start and touched \$1.940-\$1.947 in early dealings, before the statement by the president of the Welsh miners unsettled the market and pushed sterling down to \$1.930-\$1.938 before lunch.

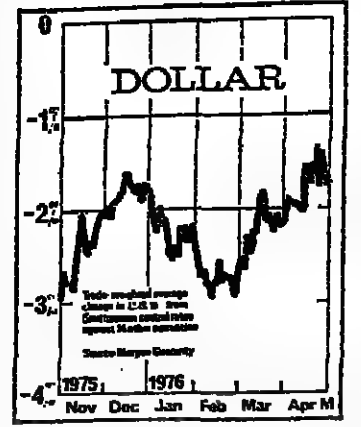
Adverse U.S. reaction to Phillips and Drew's economic forecast, suggesting that a further depreciation is likely, prompted fresh selling of the pound in New York, and it touched \$1.920-\$1.927, a fall of 2 cents from the morning's best levels. At the close in London sterling was \$1.920-\$1.929, a drop of 120 cents on the day.

The pound's trade-weighted devaluation since December 1971, as calculated by the Bank of England, widened to 37.5 per cent from 36.9 per cent, and stood at 36.8 per cent at noon today.

It was also reported that an all exporting country made further moves out of sterling and into the stronger European currencies, following the monthly oil royalty payments. The pressure on the pound however was not heavy enough to require intervention by the authorities on a large scale.

The Swiss franc remained very firm and it is possible that the Swiss National Bank purchased dollars to prevent too sharp an upward movement. The Swiss unit finished at Sw.Frs2.3015 against the dollar, compared with Sw.Frs2.3160 on Friday.

Values are for currencies against the dollar as calculated by the International Monetary Fund in Washington.



SPECIAL DRAWING

FOREIGN EXCHANGES

May 3	Bank	Market
New York	1.9200	1.9200
London	1.9200	1.9200
Paris	1.9200	1.9200
Brussels	1.9200	1.9200
Frankfurt	1.9200	1.9200
Amsterdam	1.9200	1.9200
Stockholm	1.9200	1.9200
Copenhagen	1.9200	1.9200
Oslo	1.9200	1.9200
Vienna	1.9200	1.9200
Munich	1.9200	1.9200
Zurich	1.9200	1.9200
Basel	1.9200	1.9200
Geneva	1.9200	1.9200
Lausanne	1.9200	1.9200
Nyon	1.9200	1.9200
Vevey	1.9200	1.9200
Yverdon	1.9200	1.9200
Chaux-de-Fonds	1.9200	1.9200
St. Gallen	1.9200	1.9200
Lucerne	1.9200	1.9200
Uri	1.9200	1.9200
Schwyz	1.9200	1.9200
Unterwalden	1.9200	1.9200
Glarus	1.9200	1.9200
Appenzel A.	1.9200	1.9200
Appenzel S.	1.9200	1.9200
Solothurn	1.9200	1.9200
Basel-Stadt	1.9200	1.9200
Basel-Landschaft	1.9200	1.9200
Schaffhausen	1.9200	1.9200
Sarganserland	1.9200	1.9200
Thurgau	1.9200	1.9200
Tessin	1.9200	1.9200
Vaud	1.9200	1.9200
Fribourg	1.9200	1.9200
Neuchâtel	1.9200	1.9200
Jura	1.9200	1.9200
Valais	1.9200	1.9200
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Italy	1.9200	1.9200
Spain	1.9200	1.9200
Portugal	1.9200	1.9200
Greece	1.9200	1.9200
Turkey	1.9200	1.9200
Iran	1.9200	1.9200
India	1.9200	1.9200
Pakistan	1.9200	1.9200
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Malaysia	1.9200	1.9200
Singapore	1.9200	1.9200
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Indonesia	1.9200	1.9200
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Sarawak	1.9200	1.9200
Sabah	1.9200	1.9200
Maldives	1.9200	1.9200
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South Africa	1.9200	1.

Fresh setback in sterling erases early gains

Index up 1.1 at 419.2, after 423.5—BHS advance

Trusts and Financials closed with fairly liberal sprinkling of small gains. Dailies hardened a little to 29 1/2, while Investment Trust Corporation, at 72 1/2, put on a spiece. Capital issues to improve included M. and G. Dual Second Income, 1 holder at 41 1/2, and A.P. at 91 1/2.

Spurt from Manchester Liners, which closed at 41 1/2 in response to sharply reduced earnings. Shippings were all and little changed. P. better at 91 1/2 ahead of to-morrow's results.

Results well in excess of market expectations stimulated Total, up 4 at 40 1/2, after 41 1/2. Viceroy, 10 1/2, yielded to 35 1/2 in favour and rose 4 to 35 1/2. Marginal gains also appeared against Textiles, but finished unchanged.

The London-based Selection Trust went easier at 40 1/2 as the (we at 40 1/2 "rights" issue,

[illegible]

هكذا من الأهل

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

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Civil Service union president ousted

BY CHRISTIAN TYLER, LABOUR STAFF IN MARGATE

MEMBERS of the biggest and most politically divided civil service union, the Civil and Public Services Association, yesterday threw from office their Right-wing president, Mrs. Kate Losinska, following her successful fight through the courts against attempts by the union's national executive and branches to oust her for her anti-Left-wing views.

Despite a large majority of votes against her, it was scarcely a political coup for the Left. Mr. Len Lever, the successful candidate, who, according to Mrs. Losinska, only recently aligned himself with the broad Left of the CPUSA executive, said after his victory that although he was a Labour voter and a militant in union terms, he had no part in political creed, only a religious one. (He is a Roman Catholic.)

The ballot came on the first day of the CPUSA's annual conference here after a fierce internal political battle. Mrs. Losinska, voted out after the first year of what is normally a three-year term, caused a storm when an article in the *News* in February in which she warned of infiltration of the union and of the Civil Service by Left-wing extremists.

When the national executive and branches produced resolutions of censure, Mrs. Losinska went to the High Court and won injunctions stopping publication.

After her defeat yesterday by the unexpectedly wide margin of 107,355 votes to 57,718, she admitted that she had "laid my head fairly and squarely on the chopping block."

But she added that her views remained the same and that if there had been a postal ballot of individual members she would have routed home. It was the block voting system, plus behind-the-scenes lobbying of mandated delegates by Left-wingers that had cost her the election, she said.

A third candidate, Mr. Mike McGrath, a leader of the Trotskyist International Socialist faction of the union, against which Mrs. Losinska has been campaigning, polled 13,400 votes.

Mrs. Losinska said she would stand again as president next year, forecasting that Mr. Lever's "pact" with the Left would cost him dear in the coming year. It had been a pretty vicious, pretty fierce campaign, while the maintained had been building up ever since she was elected president last year.

Mr. Lever, president for three years before Mrs. Losinska's term began, accused her yesterday of damaging the office of the president by partisan politics. He said he would be a unifying factor representing ordinary members and enjoying the trust of both wings of the union.

Mr. Lever's campaign was backed by senior officers of the

union and he said he had been under pressure to stand for many months as a peacemaker.

Elections today for the national executive of the union, which split about 16-11 in the favour of the Left, are expected to show little overall change in the pattern set by a significant Left-wing advance two years ago.

The political battle, scarcely suppressed as Mrs. Losinska took the chair yesterday morning, is likely to break out tomorrow when the conference will debate a resolution seeking to set up a formal investigation into her conduct.

The resolution, which Mrs. Losinska herself said should be debated, was left on the agenda, but a number of others were struck out because of the High Court rulings.

Also on Thursday—the day after the TUC General Council is expected to approve a new pay policy—the CPUSA will consider whether or not to renew its policy of opposition to pay restraint and vote against further control at a special TUC Congress in London on June 16.

Later yesterday, delegates found themselves narrowly divided on the perennial question of Civil Service tax breaks. It required a card vote to show that delegates wanted the executive, against its advice, to press for official 15-minute tea breaks twice a day.

Fed admits cut in U.S. money supply growth

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 3.

DR. ARTHUR BURNS, chairman of the U.S. Federal Reserve, this morning confirmed what the financial markets in New York have suspected for the past two weeks—that the Fed has decided to slow down the growth in money supply and that it is ready to cut it further later in the year if economic conditions dictate.

In testimony before a Senate committee, Dr. Burns said that for the next year the Fed had trimmed the upper ranges of the two key monetary aggregates, M1 (money and deposits) and M2 (M1 and time deposits).

The M1 range will be 4-7 per cent. per annum, compared with the 4-7-1 per cent. span that had been the regime for the current calendar year. Those targets, disclosed by Dr. Burns in February, themselves represented a small change at the lower end of half a percentage point reduction.

The M2 range has now been set at 7-10 per cent., a similar half point cut from the previous range. The projected growth range for M3 (a still broader measure of money balances encompassing M2 and deposits at non-bank thrift institutions) remains unchanged because, Dr. Burns said, the Fed was determined to ensure a simple flow of funds to the home-building industry which is showing some signs of coming out of its deep recession.

Dr. Burns acknowledged, but did not address himself directly to, the current uncertainty in the foreign exchange markets which are extremely sensitive to changes in American monetary policy. He was concerned about the possible adverse effects on the world economy of recent domestic monetary and international exchange markets.

He contented himself with the observation that new trade restrictions had been generally avoided so far in spite of pressures on national governments to protect domestic industries. "The strength of the dollar over recent months is, of course, a tribute to our economy."

His basic thesis, in fact, was to justify the small changes he had announced in American monetary policy in the light of the current state of the U.S. economy. He argued that the Fed had indeed accommodated the needs of the recovering economy in the past few months (with M1 this year growing at an annual rate of 6 or 7 per cent. compared with 3 per cent. in the last half of last year), but that economic requirements were now changing.

He had advised the Congress repeatedly that, as every economist knows, the rate of monetary expansion would eventually have to be lowered to he



DR. ARTHUR BURNS
Concern on inflation.

consistent with the restoration of general price stability. The adjustment of the projected growth range for M1 over the year ahead is a very small but prudent step in that direction. Further downward adjustments will be needed as the economy returns to fuller utilisation of labour and capital resources.

Dr. Burns again stressed his concern about inflation, saying that the improved U.S. price picture had been solely the result of lower food and fuel prices. "The prices of other goods and services are continuing to rise at a troublesome pace and wages are still increasing much faster than the long-term growth in productivity."

Beyond that, he painted a rosy picture of American economic vigour, confidently predicting that business capital investment would soon pick up, that inventory accumulation, responding to consumer demand, would continue to spur economic expansion for most of this year, and that the share industrial capacity would be soon used up.

Stewart Fleming writes: Money market dealers in New York say Mr. Burns' announcement as confirmation of the shift in Federal Reserve policy which they had detected over the past two weeks.

It was suggested that the announcement should not be seen as a dramatic new initiative and the bond market reacted calmly to the statement. Some dealers thought that with the \$28.25bn. of Treasury loan stock issues being offered to the public later this week the authorities would endeavour to keep the money markets stable for the period of the offering.

Editorial comment Page 18

Equities faltered yesterday afternoon in another attempt to break up out of the trading range in which they have been trapped for about four months.

The extent to which the fortunes of the market are hitched to those of sterling was emphasised when gilts and equities followed the pound lower; both the FT 30-Share Index and the All-Share Index are fractionally below their 1976 peaks.

There is still plenty of money standing on the sidelines, very little money having gone into either gilts or equities since the end of January. Yet the FT 30-Share Index has already put on nearly 20 points since the beginning of last week as the wages outlook has become clearer. So the wages package will need to look surprisingly good if it is to add up to a fresh buying signal here.

It is more likely that the institutions will feel encouraged to turn their attention to gilts where the Government broker is hovering just above market levels. But that will depend on suitable reactions by sterling.

With sterling now cushioned by a short term interest rate differential of nearly 5 points against New York the development of U.S. monetary policy is not quite so relevant to events in the U.K. as it was a few weeks ago. Nevertheless the slight trimming of the longer run monetary growth targets by the Federal Reserve yesterday provides confirmation that the Fed is likely to be less accommodative from now on. In the last three months both M1 and M2 have been growing at annual rates faster than the Fed's upper targets, even before the half-point cuts. But the Fed still retains the flexibility to cope with what it may judge are short term surges.

See also Page 20

British Home

British Home Stores has retained its premium status—pre-tax profits for 1977-78 are nearly 18 per cent. up on £21.9m. compared with a 2.5 per cent. rise at Marks and Spencer.

Moreover, the group has held the sharp gains in volume and market share achieved during last summer's elimination of excess profits: during the second half sales (after adjusting for an extra week) increased by 23 per cent., about 10 points higher than at M and S.

Over the year, sales have risen by 30 per cent. with about 12 per cent. coming from greater volume. Household textiles,

Continued from Page 1

Sterling

member States of the Organisation of Petroleum Exporting Countries moving further funds out of sterling and into stronger European currencies, such as the German mark and Swiss franc, following monthly oil royalty payments.

The Swiss National Bank did not disclose whether it intervened in the market yesterday to stem the continued sharp rise of the Swiss franc, but market sources suggested that some buying of dollars was probable to prevent the Swiss franc moving through the Sfrs2.50 level against the dollar.

The strength of the Swiss currency appears to be a growing problem which the measures taken by the Swiss authorities have failed to solve.

Mr. Crosland will be anxious to remind his hosts of the value of what Britain has to offer in this area.

Outstanding bilateral issues likely to be raised this week include the proposed Anglo-Chinese air services agreement, initiated three years ago but never signed, and a shipping agreement which remains at the stage of preliminary discussions.

The U.K. could also take up the question of a direct rail service between Hongkong and Canton (replacing the existing "split" service which involves changing trains at the Chinese frontier).

Mr. Crosland will be in Peking until Friday morning, after which he will fly to Nanjing and Shanghai for sightseeing before leaving China on Sunday. His visit comes in the middle of a very crowded season of Ministerial visits to China.

With Mr. Muldoon the New Zealand Premier, still in the south of the country after talks in Peking last week, and Mr. Lee Kuan Yew of Singapore due on Monday.

Index rose 1.1 to 419.2

ladies' fashion and food have all sold especially well and BHS may have benefited from its strong position in income areas where the earnings rise has been above average. Cost pressures have also been contained since after adjusting for the excess margin a year ago there has only been a small drop at the net level where BHS is just within its net reference level.

The only real blemish is below the line where the group is paying the price for borrowing \$25m. in June 1977, unmatched by overseas assets. BHS has now provided £4.2m.

Recovery started later in U.K., and is still patchy. By the latest monthly profits figure have now climbed back to level of 12 months ago. And in the group as a whole, a rise of £15m. pre-tax is feasible, the year, which would compare with a peak of £18m. in 1973-74.

Meanwhile the dividend covered 1.6 times by public earnings, but only because Tootal has decided to use providing for deferred tax the excess allowances for plant and equipment. This looks retrograde step, and is certainly going against the current trend. Trust Houses Forte, for instance, has just moved the opposite direction in anticipation of SSAP 11—which becomes effective for accounting periods starting in January, and which Tootal seems to be ignoring.

As a side-effect, the change makes the borrowing base stronger, and debt is still little under £50m. compare with shareholders' funds at about £73m. But new work capital requirements have been very small in the past two years. This may not be the case in much longer, in which case Tootal will want to start thinking about ways of exploiting market capitalisation of £55m. and a yield of 8 per cent.

See also Page 21

Furness Withy

Under the weight of strike and recession Manchester Liners' profits slid almost out of sight in the second half of 1975, and as a result some projections for its parent Furness Withy, were being revised down a little yesterday.

But volume on the North Atlantic is very much better than it was. And the immediate concern for Furness is the Monopolies report on European shipping, due to be ready at the end of the month. Teased up by European shipping's recent buying, shares are now back to level which saw heavy trading during 1975.

Tootal

Clear evidence of a turnaround in the textile cycle together with an unexpected dividend increase pushed Tootal 4p higher to 40p yesterday. Profits for the year are down from £13.2m. to £9.1m. pre-tax, but two-thirds of the latest total arose in the second half, which

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Iran drops charges against Tate & Lyle

BY ROBERT GRAHAM

TEHRAN, May 3.

ALLEGATIONS of corrupt and fraudulent practice levelled against Tate & Lyle sugar group by the Iranian Government have been quietly dropped. The charges were made in February and had led to the arrest of two senior Commerce Ministry officials in allegations involving sugar deals worth more than \$45m. (£23.6m.).

Tate and Lyle has all along denied the allegations. It is now understood that a thorough investigation has cleared the company and two executives directly named in the original allegations. This is the first time in the Shah's recent drive against corruption that a foreign company has been exonerated after being so publicly accused in banner newspaper headlines.

A Tate and Lyle spokesman said in London last night: "We are very happy to hear this report. We have been confident all along that the misunderstanding contained in the original Press allegation would be cleared up."

In view of the initial stir caused by the allegations, there is speculation here whether any retraction of the allegations will be made public. The investigation is understood to have helped clear the names of the Commerce Ministry officials accused.

The basis of the allegations was that two Tate and Lyle executives, Mr. Michael Atfield and Mr. C. E. (Ted) Paul, carried out alleged under-the-table dealings with two Under-

secretaries at the Commerce Ministry, Mr. Hussein Ali Zadeh and Mr. Mohammed Salrafi.

They were alleged to have signed deals for the purchase of 25 shipments of sugar at \$150 a ton above the market price.

Another nine shipments were also allegedly sold above market prices. Tate and Lyle had been operating under an agreement with the Ministry of Commerce whereby it acted as adviser for and purchaser of sugar. Last year, Tate and Lyle was asked to purchase substantial quantities of sugar when the international price was very high.

The Ministry of Commerce reportedly advised against purchase but was told to proceed in view of Iran's shortage.

The allegations, it seems, arose out of the purchase of sugar at what, to the Iranian, appeared an exceptionally high price. According to some suggestions, there was also a failure to understand the complexities of commodity market dealings.

The allegations were investigated by the Imperial Investigation, which reports directly to the Shah. Investigations were carried out both in London and Tehran at the highest level. During this time, the Iranian government threatened prosecution of Tate and Lyle.

As a result of the investigations, all actions against Tate and Lyle have been dropped.

GLC extends home loan scheme to all couples

THE Greater London Council's home loans scheme was extended yesterday to include all married couples and engaged couples who intend to marry before the purchase is completed. The scheme had been restricted to those married or restricted to those married for more than a year.

It now also takes in all families, including single parent families and single people over 30.

The loans are for first-time buyers of pre-1940 property in the GLC area with a valuation of not more than £9,000, plus up to £1,000 for essential repairs. The interest rate is 12 per cent. Sir Reg Goodwin, leader of the GLC, said that he hoped the widening of the scheme would help more of those who could not get a loan elsewhere.

Weather

U.K. TODAY
SHOWERS and sunny intervals.
London, S.E. Cent. S. S.W. E. England, E. Anglia, Midlands and Channel Is.
Showers, sunny periods. Winds W. moderate or fresh. Max. 14 (15F).

Wales, N.W. and Cent. England
Showers, sunny intervals. Winds, N.W. moderate. Max. 12C (54F).

BUSINESS CENTRES

3 days
24-hour
Mid-day

Executives to sue Spear and Jackson

By Margaret Reid

SPEAR AND JACKSON, the Sheffield hand tools and cutlery group, faces legal action for alleged breach of contract, two senior directors who have left the company within the last few months.

It emerged from the group's report and accounts, published yesterday, that Mr. Brian Enzor, formerly finance director and company secretary of Spear and Jackson, had resigned on March 31. This follows the resignation of Mr. George Moore, a former chief executive, last September.

The accounts reveal that a former director, later stated by the company to be Mr. George Moore, has issued a claim for damages arising from an alleged breach of service contract. Spear and Jackson disputes this claim and has made "adequate" though undisclosed, provision for estimated amounts which could become payable as a result of the claim.

Mr. Enzor said last night that he, too, proposed to take legal action against the company for breach of service contract, of which two to three years remained to run. He referred to his resignation as a "personal matter" stemming from the appointment of a new chief executive and financial controller in recent months.

These appointments, he believed, marked a change in group strategy.

The chairman of Spear and Jackson, Mr. S. de Barriolome, denied last night that there was any connection between the two resignations and said that as far as he was concerned, the resignation of Mr. Enzor was "quite amicable on our side."

Last year, Spear and Jackson's pre-tax profits fell from £13.2m. to £12m. on sales of £13.3m., after an 80 per cent. rise in interest charges to £9.9m.

Report, Page 24

HOLIDAY RESORTS

Lighting-up: London 20.57, Manchester 21.13, Glasgow 21.37, Belfast 21.32

China seeks assurance on EEC

BY CHARLES SMITH

MR. ANTHONY CROSLAND, the Foreign Secretary, will be the first senior member of a Labour Government to have face-to-face discussion with Chinese leaders when he begins three days of talks in Peking tomorrow with his Chinese opposite number, Mr. Chiao Kuan-hua.

The talks are officially billed as part of a continuing Anglo-Chinese dialogue, which began in 1972 when Sir Alec Douglas Home visited Peking as Foreign Secretary.

However, they could prove to have a rather special importance in view of political changes in both countries and China's evident lack of familiarity with Labour thinking on a number of issues.

The Chinese are thought to be particularly anxious to ask Mr. Crosland about the Government's attitude to the EEC, which is seen in Peking as a vital counterbalance to Soviet pressures on Western Europe. They may also want explicit assurances that Labour is not "soft" on the Soviet Union.

Mr. Crosland is expected to

make firm statements on both issues—probably reminding the Chinese that both British political parties were alive to the dangers of Soviet expansionism before Peking itself became anti-Soviet in the early Sixties. But he may have difficulty in convincing the Peking leadership that Labour's position on either matter matches that of the Conservative Party, with which China has gone out of its way in the past few years to show interest in and approval of Conservative policies towards Europe. One instance of the undisputed warmth shown by Peking for the Conservatives is the fact that Mr. Edward Heath has made two visits to China since his party's defeat, and is due to make another shortly.

He will visit China in the autumn as guest of Chairman Mao, and will apparently be given a wide-ranging tour, including visits to industrial sites in the North-East which are frequently out of bounds to foreign visitors.

The U.K.'s priorities in the

Crosland-Chiao talks—apart from giving Peking the assurances it appears to want—will be to probe Chinese views on a variety of international issues including the outlook for South-East Asia, to discuss trade prospects and to take up a handful of specifically bilateral issues.

Britain had a £20m. trade surplus last year with China (exports of £80m. against imports of around £60m.), but exports have not been considerably smaller without the mainstay of the 12 Trident aircraft (worth £3m. each) delivered during the year.

The Trident deliveries will continue throughout 1976 and up to the middle of next year, when time China will have bought 35. But Britain feels the need to find a new export line to maintain the impetus of sales to China after the Trident programme ends.

A possibility is the sale of equipment for China's rapidly expanding oil industry. China has already agreed to send a mission later this year to study U.K. oil exploration equipment,

search for documents and other evidence. "I envisage that the powers will be used at the most in only a handful of the most serious cases each year," he said. "It is a willful nonsense to pretend that tax inspectors will be walking into all sorts of people's premises and homes."

The ordinary taxpayer had a right to protection against the activities of the dishonest minority.

Sir Geoffrey Howe, Conservative finance spokesman, warned the Chancellor that the Government's pre-occupation with a new pay deal could lead to serious neglect of other aspects of economic policy. He called for immediate cuts in public expenditure, the restoration of industrial profits and reductions in the burden of direct taxes.

Tax officials, under the new proposals, would have to obtain a warrant to enter premises to

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The ordinary taxpayer had a right to protection against the activities of the dishonest minority.

Healey defends measures to fight tax evasion

BY PHILIP RAWSTORNE

THE AMOUNT of money involved in tax evasion was "substantial and growing," Mr. Healey, Chancellor of the Exchequer, told the Commons yesterday.

He was replying to criticisms of the extra powers to combat tax evasion contained in the Finance Bill.

The Inland Revenue had uncovered major cases involving £17m. in the year up to March 1975. But as a proportion of the total tax yield, this was only about a fifth of the amount uncovered 15 years earlier. It seemed that the Inland Revenue's ability to detect and deter evasion had significantly declined.

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search for documents and other evidence. "I envisage that the powers will be used at the most in